

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 4 2023
BONDS TO BE SOLD TUESDAY, DECEMBER 12, 2023 AT 10:30 A.M. E.S.T.

New Issues
Book-Entry Only

Rating: Moody's "___"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax except for certain corporations, as more fully described herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

\$17,000,000*
SULLIVAN COUNTY, TENNESSEE
GENERAL OBLIGATION BONDS, SERIES 2024
(ULT)

Dated: Date of Issuance

Due: May 1, as shown below

Sullivan County, Tennessee (the "County") will issue its \$17,000,000* General Obligation Bonds, Series 2024 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2024*, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the County to the corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent").

The Bonds shall be subject to redemption at the option of the County at any time on or after May 1, 2033, at a price of par plus accrued interest to the redemption date. The Bonds are payable on May 1 of each year as follows:

Maturity (May 1)	Principal*	Interest Rate	Price or Yield	CUSIP Number	Maturity (May 1)	Principal*	Interest Rate	Price or Yield	CUSIP Number
2024	\$600,000				2034	\$840,000			
2025	630,000				2035	865,000			
2026	650,000				2036	895,000			
2027	675,000				2037	925,000			
2028	695,000				2038	960,000			
2029	715,000				2039	1,000,000			
2030	740,000				2040	1,045,000			
2031	765,000				2041	1,090,000			
2032	785,000				2042	1,135,000			
2033	810,000				2043	1,180,000			

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Daniel P. Street, Esq., counsel to the County. Stephens Inc. is serving as Municipal Advisor to the County. The Bonds, in book-entry form, are expected to be available for delivery through Depository Trust Company in New York, New York, on or about January 10, 2024.*

December __, 2023

* Preliminary and Subject to Change

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the “Official Statement”) by Sullivan County, Tennessee (the “County”), is an Official Statement with respect to the Bonds described herein that is deemed final by the County as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the County or by Stephens Inc. (the “Municipal Advisor”) to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the County or the Bonds must not be relied upon as having been authorized by the County or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

In making an investment decision investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

CUSIP data herein is subject to copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of The American Bankers Association by Moody’s Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds.

Neither the County nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, Resolution, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the Bonds.

Table of Contents

Officials	iv
Notice of Sale.....	v
Detailed Notice of Sale	vi
Summary Statement	xvii
Official Statement	1
Introduction.....	1
The Bonds	1
Description	1
Registration and Payment	1
Book-Entry-Only System	2
Optional Redemption.....	4
Mandatory Redemption	4
Notice of Redemption.....	5
Security and Sources of Payment	5
Remedies of Bondholders.....	6
Discharge and Satisfaction of Bonds	6
Plan of Financing	7
Sources and Uses of Funds	7
Rating.....	7
Continuing Disclosure	7
Future Issues	8
Litigation.....	8
Approval of Legal Proceedings.....	8
Tax Matters	8
Federal	8
Bond Premium.....	9
Original Issue Discount	9
Information Reporting and Backup Withholding	9
State Taxes.....	9
Changes In Federal and State Tax Law	10
Municipal Advisor	10
Underwriting.....	11
Forward Looking Statements.....	11
Miscellaneous	11
Certificate of County Mayor.....	12
Form of Bond Counsel Opinion.....	Appendix A
Demographics and Financial Information Related to the County.....	Appendix B
Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2022.....	Appendix C
Form of Continuing Disclosure Agreement.....	Appendix D

[This page is intentionally left blank]

**Sullivan County, Tennessee
3411 Highway 126
Blountville, Tennessee 37617**

Officials

County Mayor
Richard S. Venable

Board of Commissioners

David Hayes
David Akard, III
Cheryl S. Harvey
Matt Slagle
Andrew K. Cross
Michael B. Cole
Joyce Neal Crosswhite
Tony Leonard

Hershel Glover
Dwight D. King
Daniel Horne
Jessica Means
Zane Vanover
Sam Jones
Travis Ward
Darlene Calton

Mark Ireson
Joe Carr
Joe McMurray
Larry Crawford
Gary Stidham
John Gardner
Hunter Locke
Archie Pierce

County Officials

Director of Finance
County Clerk
Trustee

Larry G. Bailey
Teresa Jacobs
Angela Taylor

Counsel for the County

Daniel P. Street, Esq., County Attorney
Blountville, Tennessee

Bond Counsel

Bass, Berry & Sims PLC
Nashville, Tennessee

Registration and Paying Agent

U.S. Bank National Association
Nashville, Tennessee

Municipal Advisor

Stephens Inc.
Nashville, Tennessee

Underwriter

_____, _____

[This page is intentionally left blank]

NOTICE OF SALE

SULLIVAN COUNTY, TENNESSEE
GENERAL OBLIGATION BONDS, SERIES 2024
(ULT)

Notice is hereby given that the County Mayor of Sullivan County, Tennessee (the "County") will accept a written bid or electronic bid for the purchase of all, but not less than all, of the County's **\$17,000,000* GENERAL OBLIGATION BONDS, SERIES 2024** (the "Bonds") until:

10:30 A.M. E.S.T. on Tuesday, December 12, 2023

Written bids must be addressed and delivered to the County to the attention of the County Mayor, 3411 Highway 126, Suite 206, Blountville, Tennessee 37617. Electronic bids must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by BiDCOMP/PARITY® shall constitute the official time with respect to all bids submitted. If any provisions of this Notice of Sale conflict with information provided by BiDCOMP/PARITY® as the approved provider of electronic bidding services, this Notice of Sale shall control. ***The sale of all or any series of the Bonds on Tuesday, December 12, 2023 may be postponed prior to the time bids are to be received and as published on I-dealProspectus.com. If such postponement occurs, a later public sale may be held at the hour and place and on such date as communicated via I-dealProspectus.com upon forty-eight hours notice.***

The Bonds will be dated the date of delivery. The interest rate or rates on the Bonds shall not exceed 5% per annum and shall be payable semi-annually on May 1 and November 1, commencing May 1, 2024. No bid for the Bonds will be considered for less than 99% of par nor more than 125% of par, as described in the Detailed Notice of Sale. In addition, each maturity of Bonds must be reoffered at a price of not less than 98% of the par amount of such maturity. The Bonds will mature on May 1 in the years 2024 through 2044, with term bonds optional, and will be awarded on the sale date by the County Mayor to the bidder whose bid results in the lowest true interest cost on the Bonds. After opening the bids, the County reserves the right to adjust the principal amount of each maturity of the Bonds as described in the Detailed Notice of Sale.

The Bonds shall be subject to redemption at the option of the County at any time on or after May 1, 2033, at a price of par plus accrued interest to the redemption date.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the County will require bidders to comply with the "hold-the-offering-price rule" for purposes of determining the issue price of the Bonds.

The Bonds and approving opinions of Bass, Berry & Sims PLC, Nashville, Tennessee, will be furnished at the expense of the County. Additional information, including the Official Statement and Detailed Notice of Sale, may be obtained from the undersigned at the office of the County Mayor, 3411 Highway 126, Suite 206, Blountville, Tennessee 37617 or from Stephens Inc. Attention: Ashley McAnulty, One American Center, 3100 West End Avenue, Suite 630, Nashville, Tennessee 37203, Telephone: (615) 279-4334; Fax: (615) 279-4351.

Richard Venable
County Mayor

[This page is intentionally left blank]

DETAILED NOTICE OF SALE

SULLIVAN COUNTY, TENNESSEE

\$17,000,000* GENERAL OBLIGATION BONDS, SERIES 2024 (ULT)

Time and Place of Sale

Notice is hereby given that the County Mayor of Sullivan County, Tennessee (the "County") will accept a written bid or electronic bid for the purchase of all, but not less than all, of the **\$17,000,000* GENERAL OBLIGATION BONDS, SERIES 2024** (the "Bonds") until:

10:30 A.M. E.S.T. on Tuesday, December 12, 2023

The written bids must be addressed and delivered to the County to the attention of the County Mayor, 3411 Highway 126, Suite 206, Blountville, Tennessee 37617. Electronic bids must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by BiDCOMP/PARITY® shall constitute the official time with respect to all bids submitted. If any provisions of this Notice of Sale conflict with information provided by BiDCOMP/PARITY® as the approved provider of electronic bidding services, this Notice of Sale shall control. ***The sale of all or any series of the Bonds on Tuesday, December 12, 2023 may be postponed prior to the time bids are to be received and as published on I-dealProspectus.com. If such postponement occurs, a later public sale may be held at the hour and place and on such date as communicated via I-dealProspectus.com upon forty-eight hours notice.*** The Bonds will be awarded on such date by the County Mayor of the County.

Description of Bonds

The Bonds will be issued in fully registered, book-entry form (except as otherwise provided herein), without coupons, be dated the date of delivery, be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or transferor thereof, as appropriate, and will mature and be payable on May 1 of each year as follows:

<u>Year (May 1)*</u>	<u>Bonds*</u>	<u>Year (May 1)*</u>	<u>Bonds*</u>
2024	\$600,000	2034	\$840,000
2025	630,000	2035	865,000
2026	650,000	2036	895,000
2027	675,000	2037	925,000
2028	695,000	2038	960,000
2029	715,000	2039	1,000,000
2030	740,000	2040	1,045,000
2031	765,000	2041	1,090,000
2032	785,000	2042	1,135,000
2033	810,000	2043	1,180,000

Purpose and Authority of Bonds

The Bonds are being issued to finance the construction, renovation, equipping and improving of County archives, emergency management services, administrative and justice facilities, and to pay issuance costs. The Bonds are being issued under the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., and pursuant to Resolution duly adopted by the Board of County Commissioners of the County on October 23, 2023.

Registration and Depository Participation

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One Bond certificate for each maturity will be issued to the Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. The book-entry system will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. Interest on the Bonds will be payable semiannually on May 1 and November 1, beginning May 1, 2024, and principal of the Bonds will be payable, at maturity or upon redemption, to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The County will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that the book-entry only system for the Bonds is discontinued and a successor securities depository is not appointed by the County, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 or integral multiples thereof. In addition, if the successful bidder for the Bonds certifies that it has no present intent to reoffer the Bonds, the Bonds may be issued in fully registered form only. The ownership of Bonds so delivered shall be registered in registration books to be kept by U.S. Bank Trust Company, National Association, Nashville, Tennessee, as registration and paying agent (the “Registration Agent”), at its principal corporate office, and the County and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Optional Redemption

The Bonds shall be subject to redemption at the option of the County at any time on or after May 1, 2033, at a price of par plus accrued interest to the redemption date.

Designation of Term Bonds

The successful bidder for the Bonds shall have the option to designate certain consecutive serial maturities of the Bonds as one or more Term Bonds, each Term Bond bearing a single interest rate. If a successful bidder designates certain consecutive serial maturities to be combined into one or more Term Bonds, each Term Bond shall be subject to mandatory sinking fund redemption by the County at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date

fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed above for such principal payment date.

Security and Sources of Payment

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are pledged.

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions to which the Bonds are issued, reference is hereby made to the Resolution authorizing the Bonds.

Submission of Bid

All bids submitted, electronic or otherwise, must be submitted as set forth under the heading **"Time and Place of Sale"**, set forth above.

A written bid for the Bonds must be enclosed in a sealed envelope bearing the name and address of the bidder, clearly and legibly marked on the outside "Bid for Bonds," and addressed and delivered to the following address:

Office of the County Mayor
3411 Highway 126, Suite 206
Blountville, Tennessee 37617

Written bids must be submitted on the applicable Bid Form included with the Preliminary Official Statement or on a reasonable facsimile thereof. Electronic bids for the Bonds must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. An electronic bid made through the facilities of BiDCOMP/PARITY® shall be deemed an offer to purchase in response to the Notice of Sale and shall be binding upon the bidder as if made by a signed sealed written bid made to the County. To the extent any instructions or directions set forth in BiDCOMP/PARITY® conflict with the terms of the Detailed Notice of Sale, the Detailed Notice of Sale shall prevail. The County shall not be responsible for any malfunction or mistake made by or as a result of the use of electronic bidding facilities. The use of such facilities is at the sole risk of the bidders. Subscription to I-Deal's BiDCOMP/PARITY® Competitive Bidding System by a bidder is required in order to submit an electronic bid. The County will not confirm any subscription or be responsible for the failure of any prospective bidder to subscribe. Both written bids and electronic bids must be unconditional and received by the office of the County Mayor and/or BiDCOMP/PARITY®, respectively, before the time stated above. Bidders shall be required to comply with the provisions regarding a Good Faith Deposit as described below in the section entitled "Good Faith Deposit". The County is not liable for any costs incurred in the preparation, delivery, acceptance or rejection of any bid, including, without limitation, the providing of a bid security deposit.

Form of Bids

All bids for the Bonds must be for not less than all of the Bonds. Bidders must bid not less than 99% of par nor greater than 125% of par for the Bonds. Bidders must specify the interest rate or rates the Bonds are to bear in multiples of one-hundredth (1/100th) or one-eighth (1/8th) of one percent (1%), but no rate specified for the Bonds shall be in excess of 5% per annum. There will be no limitation on the number of rates of interest which may be specified for the Bonds, but one rate of interest shall apply to all the Bonds of a maturity. In addition, each maturity of the Bonds must be reoffered at a price of not less than 98% of the par amount of such maturity. Bidders may designate two or more consecutive serial maturities as one or more Term Bond maturities equal in aggregate principal amount to, and with mandatory redemption requirements corresponding to, such designated serial maturities. Bidders must specify the reoffering prices or yields of each maturity.

Revised Maturity Schedule and/or Bid Parameters

The aggregate principal amount of the Bonds (the "Preliminary Aggregate Principal Amount") and the annual principal amounts of the Bonds (the "Preliminary Annual Principal Amounts" and collectively, with reference to the Preliminary Aggregate Principal Amounts, the "Preliminary Amounts") set forth in this Detailed Notice of Sale may be revised before the viewing of bids for the purchase of the Bonds, as may the bid parameters set forth herein. Any such revisions (in case of revised principal amounts, the "Revised Aggregate Principal Amount", the "Revised Annual Principal Amounts" and the "Revised Amounts") WILL BE GIVEN BY NOTIFICATION PUBLISHED ON www.I-dealProspectus.com NOT LATER THAN 4:00 P.M., C.S.T. ON THE DAY PRECEDING THE RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts and will remain as stated in this Detailed Notice of Sale, and the bid parameters shall remain as set forth herein. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS AND BID PARAMETERS, IF ANY. Prospective bidders may request notification by facsimile transmission of any revisions in the Preliminary Amounts and bid parameters by so advising and faxing their telecopier number(s) to Stephens Inc., Municipal Advisor to the County, at (615) 279-4351 by 12:00 Noon, C.S.T., at least one day prior to the date for receipt of the bids.

Changes to Maturity Schedule

The County reserves the right to change the Revised Aggregate Principal Amounts of the Bonds after determination of the winning bidder. The County may increase or decrease the Revised Annual Principal Amount of each maturity of the Bonds without limitation. Such changes, if any, will determine the final annual principal amounts of Bonds (the "Final Annual Principal Amounts") and the final aggregate principal amount of Bonds (the "Final Aggregate Principal Amount"). The Final Aggregate Principal Amount of the Bonds will not exceed \$17,000,000. Any changes beyond those described above will only be made with the consent of the winning bidder.

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the Final Aggregate Principal Amount of the Bonds. The interest rates specified by the successful bidder for the various maturities at the initial reoffering prices will not change. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW THEIR BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The County anticipates that the Final Annual Principal Amounts of the Bonds and the Final Aggregate Principal Amount of the Bonds will be communicated to the successful bidder prior to the award of the Bonds. THE DOLLAR AMOUNT BID BY THE SUCCESSFUL BIDDER FOR THE PURCHASE OF THE BONDS WILL BE ADJUSTED TO REFLECT ANY CHANGE IN THE ANNUAL PRINCIPAL AMOUNTS BASED UPON THE

ASSUMPTION THAT THE COUPON RATES, REOFFERING PRICES, AND THE UNDERWRITER'S DISCOUNT (EXCLUDING ORIGINAL ISSUE DISCOUNT/PREMIUM) STATED AS A PERCENTAGE OF THE AGGREGATE PRINCIPAL AMOUNT, AS SPECIFIED BY THE SUCCESSFUL BIDDER WILL NOT CHANGE.

Basis of Award

If an award is made, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the County as determined by reference to the Revised Aggregate Principal Amounts, prior to post-sale adjustments, as discussed in the paragraph above. The lowest true interest cost of the Bonds will be calculated as that rate which when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the dated date of the Bonds) produces a value equal to the purchase price of the Bonds. For the purpose of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of a Term Bond shall be treated as a serial maturity in each year. Each bidder is required to specify its calculation of the true interest cost resulting from its bid, but such information shall not be treated as part of its proposal.

In the event that two or more of the bidders offer to purchase the Bonds at the same lowest true interest cost, the County Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

The County Mayor reserves the right to waive any irregularity or informality in any bid, and to reject any or all bids, and notice of rejection of any bid will be made promptly. Unless all bids are rejected, award of the Bonds will be made by the County Mayor on the sale date.

Good Faith Deposit

The successful bidder is required to submit, in the manner described below, a good faith deposit (the "Deposit") in the amount of \$340,000 to secure the faithful performance of the terms of the bid to purchase a series of the Bonds. The Deposit will be delivered to the County by wire transfer or certified check for the prescribed amount. The Deposit may be provided in the form of:

1. **Federal Funds Wire Transfer.** A federal funds wire transfer submitted to the County or the County's Municipal Advisor by the successful bidder by 2:00 p.m. C.S.T. on the day of the sale provided the County awards the bid by 12:00 noon C.S.T. otherwise the wire shall be received not later than 11:00 a.m. C.S.T. on the next business day following the award. The County Mayor reserves the right to adjust the time the deposit is to be received if there are problems with electronic transfers of funds or other acceptable reasons.
2. **Certified Check.** A bank certified check, bank cashier's check or a treasurer's check drawn upon an incorporated bank or trust company payable unconditionally to the order of the County. If a check is used, it must accompany a bid and be received by the time and date bids are required. If the successful bidder's Deposit is by check, the check will be deposited on the date of the sale.

Wire transfer instructions are available from Stephens Inc., Attn: Ashley McAnulty, One American Center, 3100 West End Avenue, Suite 630, Nashville, Tennessee 37203, Telephone (615) 279-4334 or (615) 279-4338; Fax: (615) 279-4351. In the event the successful bidder fails to timely submit the Deposit, the award may be terminated by the County Mayor, and the County Mayor in his discretion may award the Bonds to the bidder whose bid results in the next lowest true interest cost to the County as the lowest complying bidder or hold a subsequent sale of the Bonds. The County shall have no liability to any bidder who fails to properly submit a Deposit.

The Deposit of the successful bidder will be deposited by the County and the proceeds thereof credited with no interest allowed thereon against the total purchase price to be paid for the Bonds upon their delivery or retained as and for full liquidated damages if the successful bidder fails to accept delivery of and pay for the Bonds. Checks of unsuccessful bidders will be returned promptly upon the award of the Bonds. If a successful bidder fails to timely make the Deposit for the Bonds, the award may be terminated in the discretion of the County Mayor and the County shall be entitled to an amount equal to the Deposit as liquidated damages for failure of the successful bidder to comply with the terms of the award of the Bonds.

CUSIP

The County's municipal advisor will request that the CUSIP Service Bureau assign CUSIP identification numbers to the Bonds, which numbers will be printed on the Bonds. The winning bidder will be responsible for the costs of assigning CUSIP numbers to the Bonds. Neither the failure to print a CUSIP number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with this Detailed Notice of Sale.

Establishment of Issue Price

General. The winning bidder shall assist the County in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County's Municipal Advisor identified herein and any notice or report to be provided to the County may be provided to the County's Municipal Advisor.

Anticipated Compliance with Competitive Sale Requirements. The County anticipates that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- the County shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- all bidders shall have an equal opportunity to bid;
- the County expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- the County anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

County Intention to Apply the Hold-the-Offering-Price Rule if Competitive Sale Requirements are Not Met. In the event that the competitive sale requirements are not satisfied with respect to the Bonds, the County intends to treat the initial offering prices of the Bonds to the public as the issue price of the Bonds (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity).

Application of the Hold-the-Offering-Price Rule. If the competitive sale requirements are not satisfied, then the successful bidder shall, on behalf of the underwriters participating in the purchase of the Bonds (i) confirm that the underwriters have offered or will offer each maturity of the Bonds to the public on or

before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- the close of the fifth (5th) business day after the sale date; or
- the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the County when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

The County acknowledges that, in making the agreements and representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

Definitions. Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- “public” means any person other than an underwriter or a related party,
- “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the

Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

- a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- “sale date” means the date that the Bonds are awarded by the County to the winning bidder.

Issue Price Certificate. The winning bidder will be required to provide the County, at closing, with an issue price certificate consistent with the foregoing.

Provision of Information for the Official Statement

The successful bidders must furnish the following information to the County to complete the *Official Statement* in final form within 2 hours after receipt and award of the bids for the Bonds:

1. The initial offering prices or yields for the Bonds (expressed as a price or yield per maturity, exclusive of any accrued interest, if applicable);
2. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields as provided above);
3. The identity of the underwriters if the successful bidders are part of a group or syndicate; and
4. Any other material information necessary to complete the Official Statement in final form but not known to the County.

Official Statement

The County will provide or cause to be provided to the successful bidder, either in electronic format or printed copies, the final official statement sufficient in quantity to enable the successful bidder to comply with SEC Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. Said final official statements will be provided to the successful bidder not later than seven business days after the sale, or, if the County, or its Municipal Advisor, is notified that any confirmation requesting payment from any customer will be sent before the expiration of such period and specifying the date such confirmation will be sent the final official statements will be provided in sufficient time to accompany such confirmation.

Continuing Disclosure

The County will, at the time the Bonds are delivered, execute a Continuing Disclosure Agreement in which it will covenant for the benefit of holders and beneficial owners of the Bonds to (i) provide certain financial information and operating data relating to the County not later than twelve months after each of the County's fiscal years (the "Annual Report"), (ii) provide timely notice of the occurrence of certain enumerated events and (iii) provide timely notice of failure to timely provide any required financial information of the County. The Annual Report (and audited financial statements, if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository established in the State of Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the County's official statement to be prepared and distributed in connection with the sale of the Bonds.

Legal Opinion and Transcript

The book-entry Bonds and the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel (which will be delivered with the Bonds), together with the Bond transcript, including a certificate as to no litigation from the County dated as of the date of the delivery of the Bonds, will be furnished to the purchaser at the expense of the County. As set forth in the Official Statement and subject to the limitations set forth therein, bond counsel's opinion will include an opinion that interest on the Bonds will be (i) excluded from gross income for federal income tax purposes as it relates to the Bonds; and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. For a discussion thereof, reference is hereby made to the Official Statement and the forms of opinions contained therein.

Delivery and Payment

The Bonds are expected to be ready for delivery within 28 days after the sale thereof, in book-entry form. At least five days' notice will be given to the successful bidder(s). Delivery will be made through the Depository Trust Company, New York, New York at the expense of the purchaser. Payment for the Bonds must be made in federal funds or other immediately available funds.

Further Information

Copies of the Preliminary Official Statement may be obtained from the undersigned at the office of the County Mayor, 3411 Highway 126, Suite 206, Blountville, Tennessee 37617, or from Stephens Inc., Attn: Ashley McAnulty, One American Center, 3100 West End Avenue, Suite 630, Nashville, Tennessee 37203, Telephone: (615) 279-4334 or (615) 279-4338; Fax: (615) 279-4351.

Richard Venable,
County Mayor

[This page is intentionally left blank]

SULLIVAN COUNTY, TENNESSEE

\$17,000,000* GENERAL OBLIGATION BONDS, SERIES 2024

OFFICIAL BID FORM

The Honorable Richard Venable
County Mayor
3411 Highway 126, Suite 206
Blountville, Tennessee 37617

_____, 2023

For your legally issued, properly executed Sullivan County, Tennessee (the "County") \$17,000,000* General Obligation Bonds, Series 2024 (the "Bonds") and in all respects to be as more fully outlined in your Detailed Notice of Sale, which by reference is made a part hereof, we will pay you a sum of \$_____.

The Bonds will be dated the date of issuance, will mature on May 1 as shown below, and shall bear interest at the following rates:

Maturity (May 1)*	Amount*	Interest Rate	Reoffering Price	Maturity (May 1)*	Amount*	Interest Rate	Reoffering Price
2024	\$600,000	_____ %	_____ %	2034	\$840,000	_____ %	_____ %
2025	\$630,000	_____	_____	2035	\$865,000	_____	_____
2026	\$650,000	_____	_____	2036	\$895,000	_____	_____
2027	\$675,000	_____	_____	2037	\$925,000	_____	_____
2028	\$695,000	_____	_____	2038	\$960,000	_____	_____
2029	\$715,000	_____	_____	2039	\$1,000,000	_____	_____
2030	\$740,000	_____	_____	2040	\$1,045,000	_____	_____
2031	\$765,000	_____	_____	2041	\$1,090,000	_____	_____
2032	\$785,000	_____	_____	2042	\$1,135,000	_____	_____
2033	\$810,000	_____	_____	2043	\$1,180,000	_____	_____

Principal of and interest on the Bonds will be payable at the principal corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee.

This bid is made with the understanding that the County will furnish without cost to the successful bidder the unqualified approving opinion of Bass, Berry & Sims PLC, Attorneys, Nashville, Tennessee, and the executed Bonds. We have exercised the option to designate two or more consecutive serial maturities as Term Bonds as set forth below:

Term Bond 1, due May 1, _____ includes the following maturities: From May 1, _____ to May 1, _____. Term Bond 2, due May 1, _____ includes the following maturities: From May 1, _____ to May 1, _____.

Firm Name	

In accordance with the terms of the Detailed Notice of Sale, we have or will make a good faith deposit for \$340,000 as set forth in the Detailed Notice of Sale, which is to be applied in accordance with the Detailed Notice of Sale. The good faith deposit may be provided in the form of:

1. **Federal Funds Wire Transfer.** A federal funds wire transfer submitted to the County or the County's Municipal Advisor by the successful bidder by 2:00 p.m. C.S.T. on the day of the sale provided the County awards the bid by 12:00 noon C.S.T. otherwise the wire shall be received not later than 11:00 a.m. C.S.T. on the next business day following the award. The County Mayor reserves the right to adjust the time the deposit is to be received if there are problems with electronic transfers of funds or other acceptable reasons.
2. **Certified Check.** A bank certified check, bank cashier's check or a treasurer's check drawn upon an incorporated bank or trust company payable unconditionally to the order of the County. If a check is used, it must accompany a bid and be received by the time and date bids are required. If the successful bidder's Deposit is by check, the check will be deposited on the date of the sale.

Wire transfer instructions are available from Stephens Inc., Attn: Ashley McNulty, One American Center, 3100 West End Avenue, Suite 630, Nashville, Tennessee 37203, Telephone (615) 279-4334 or (615) 279-4338; Fax: (615) 279-4351. If a successful bidder fails to timely make the Deposit for the Bonds, the award may be terminated in the discretion of the County Mayor and the County shall be entitled to an amount equal to the Deposit as liquidated damages for failure of the successful bidder to comply with the terms of the award of the Bonds. The County Mayor in his discretion may award the Bonds to the bidder whose bid results in the next lowest true interest cost to the County as the lowest complying bidder or hold a subsequent sale of the Bonds. The County shall have no liability to any bidder who fails to properly submit a Deposit.

In the event this bid is accepted and should for any reason we fail to comply with the terms of this bid, said deposit will be forfeited by us as full liquidated damages; otherwise, said deposit will be credited against the purchase price of the Bonds at closing. In the event the County Mayor fails to deliver the Bonds to us as described in the Detailed Notice of Sale, said deposit will be returned to us.

Accepted this _____ day of _____, 2023

Respectfully submitted,

County Mayor

Firm Name

Signature

Title

Telephone Number of Person to Submit Bid

The following is for information purposes only.

Total Interest Cost	
Plus discount or less premium, if any	
Net Interest Cost	
True Interest Rate (TIC)	

(The calculations of Net Interest Costs and True Interest Rate and the Reoffering Prices are for information purposes only and do not constitute a part of this bid.)

Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

ISSUER	Sullivan County, Tennessee (the "County").
ISSUES	\$17,000,000* General Obligation Bonds, Series 2024 (the "Bonds").
PURPOSE	The Bonds are being issued to finance the construction, renovation, equipping and improving of County archives, emergency management services, administrative and justice facilities, and to pay Bond issuance costs.
SECURITY	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.
DATED DATE	Settlement Date.
INTEREST DUE	Each May 1 and November 1, commencing May 1, 2024.*
PRINCIPAL DUE	May 1, 2024* through May 1, 2044*.
SETTLEMENT DATE	January 10, 2024* (use for bidding purposes).
OPTIONAL REDEMPTION	The Bonds, shall be subject to redemption at the option of the County at any time on or after May 1, 2033*, at a price of par plus accrued interest to the redemption date.
RATING	"__" by Moody's Investor Services Inc. ("Moody's") based on documents and other information provided by the County. The rating reflects only the view of Moody's and neither the County, the Municipal Advisor nor the Underwriter makes any representations as to the appropriateness of such rating. There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the ratings may be obtained from Moody's. See "Rating" herein.
TAX MATTERS	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, except for certain corporations, as more fully described herein. For an explanation of

certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

REGISTRATION AND PAYING
AGENT U.S. Bank Trust Company, National Association, Nashville,
Tennessee.

MUNICIPAL ADVISOR..... Stephens Inc.

UNDERWRITER..... _____.

Official Statement

Sullivan County, Tennessee

\$17,000,000* General Obligation Bonds, Series 2024 (ULT)

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by Sullivan County, Tennessee (the "County") of \$17,000,000* General Obligation Bonds, Series 2024 (the "Bonds").

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution adopted by the Board of County Commissioners of the County on October 23, 2023 (the "Resolution") authorizing the execution, terms, issuance and sale of the Bonds.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolution, and the County. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to the definitive documents, including the forms of the Bonds included in the Resolution. During the period of the offering of the Bonds, copies of the Resolution and any other documents described herein or in the Resolution may be obtained from the County. After delivery of the Bonds, copies of such documents will be available for inspection at the County Mayor's office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution.

The Bonds

Description

The Bonds are being issued to finance the construction, renovation, equipping and improving of County archives, emergency management services, administrative and justice facilities (the "Projects"), and to pay costs of issuing the Bonds.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated their date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on May 1 and November 1 of each year (herein an "Interest Payment Date"), commencing May 1, 2024*.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

Registration and Payment

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds.

U.S. Bank Trust Company, National Association, Nashville, Tennessee (the "Registration Agent") will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the

"Regular Record Date") by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: The County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity of the Bonds will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants

include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC’s

records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registration Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that County believes to be reliable, but County takes no responsibility for the accuracy thereof.

THE COUNTY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Optional Redemption*

The Bonds maturing on or before May 1, 2033 shall mature without option of prior redemption, and Bonds maturing May 1, 2034 and thereafter, shall be subject to redemption prior to maturity at the option of the Municipality on May 1, 2033 and thereafter, as a whole or in part, at any time at the redemption price of par plus accrued interest to the redemption date.

Mandatory Redemption*

Subject to any credits as permitted by the terms of the Resolution, the County shall redeem Bonds maturing on May 1, ____, on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board of County Commissioners in its discretion. If less than all the Bonds within a single maturity shall be called for redemption, the Bonds within a single maturity shall be selected determined by DTC, or such successor Depository, by lot or such other manner as DTC or such successor Depository, shall determine in the event the Bonds are being held under a Book Entry System. If not held under a Book Entry System and if less than all the Bonds of a maturity shall be called for redemption, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent shall elect. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Maturity

Redemption Date

Principal Amount to be Redeemed

***Final Maturity**

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its mandatory redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (other than through mandatory redemption) and cancelled by the Registration Agent and not theretofore applied as a credit against any mandatory redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date, and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by mandatory redemption shall be accordingly reduced.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. An optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

Security and Sources of Payment

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general

covenants and provisions pursuant to which the Bonds are issued, reference is hereby made to the respective Resolution.

Remedies of Bondholders

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the County, including, but not limited to, the right to require the County to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the County to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the County shall also pay or cause to be paid all other sums payable under the Resolution, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied.

If the County pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Plan of Financing

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount	\$ _____
Reoffering Premium (Discount)	_____
Total Sources	\$ _____

Uses of Funds

Deposit to Project Fund	_____
Costs of Issuance ⁽¹⁾	_____
Total Uses	\$ _____

(1) Includes all fees and expenses, including underwriter's discount and expenses

Rating

The Bonds have been assigned a rating of "____" by Moody's Investor Services Inc. ("Moody's") based on documents and other information provided by the County. The rating reflects only the view of Moody's and neither the County, the Municipal Advisor nor the Underwriter makes any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from Moody's.

Continuing Disclosure

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to (i) provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2023 (the "Annual Report"), (ii) provide notice of the occurrence of certain enumerated events and (iii) provide timely notice of failure to provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule").

In the past five years, the County has not failed to comply in any material respect with any previous undertakings with regard to the Rule.

Future Issues

The County has no additional debt planned or authorized for new capital projects at this time.

Litigation

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation with its counsel, the County believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have a material adverse effect upon the County's financial condition.

As of the date of this Official Statement, the County has no knowledge or information concerning any pending or threatened litigation contesting the authority of the County to issue, sell or deliver the Bonds. The County has no knowledge or information of any actions pending or expected that would materially affect the County's ability to pay the debt service requirements of the Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinion will be available upon delivery of the Bonds. (See Appendix A). Certain legal matters will be passed upon for the County by William L Gouger, Esq., Counsel to the County.

Tax Matters

Federal

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the Issuer and assuming compliance by the Issuer with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not a preference item for a bondholder under the federal alternative minimum tax on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2023.

The Code imposes requirements on the Bonds that the Issuer must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the Issuer does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The Issuer has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,

- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit
- a borrower of money to purchase or carry the Bonds, or
- an applicable corporation, as defined in Section 59(k) of the Code

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "Bond premium" on that Bond. The tax accounting treatment of Bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with Bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with Bond premium, it should consult its tax advisor regarding the tax accounting treatment of Bond premium.

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Municipal Advisor

Stephens Inc. is serving as Municipal Advisor to the County in connection with the issuance of the Bonds. Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds. The information set forth herein has been obtained by the County and other sources believed to be reliable. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

_____, _____, _____, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$ _____, which is par, less \$ _____, plus net original issue premium of \$ _____, less underwriter's discount.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Miscellaneous

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the County.

[This page is intentionally left blank]

Certificate of County Mayor

I, Richard Venable, do hereby certify that I am the duly qualified and acting County Mayor of Sullivan County, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated December __, 2023 issued in connection with the sale of the County's \$17,000,000* General Obligation Bonds, Series 2024 and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of acceptance of the winning bids and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bids and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this ____ day of _____, 2024.

/s/ _____
County Mayor

I, Teresa Jacobs, do hereby certify that I am the duly qualified and acting County Clerk of Sullivan County, Tennessee, and as such official, I do hereby certify that Richard Venable is the duly qualified and acting County Mayor of said County and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of said Sullivan County, Tennessee as of the date subscribed to the foregoing certificate.

/s/ _____
County Clerk

(SEAL)

[This page is intentionally left blank]

APPENDIX A

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds.

(Proposed Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

(Dated Closing Date)

We have acted as bond counsel to Sullivan County, Tennessee (the "Issuer") in connection with the issuance of \$17,000,000* General Obligation Bonds, Series 2024, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Board of County Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the County.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2023. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State

of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

APPENDIX B

Demographic and General Financial Information
Related to the County

GENERAL INFORMATION

Sullivan County, (the “County”) is located in the eastern grand division of the State of Tennessee, in the northeast corner of the State, approximately 90 miles northeast of Knoxville. The County encompasses 413 square miles. Blountville, the county seat, is located between Kingsport and Bristol, the two largest cities in the County. Incorporated cities in the County include Bluff City, Bristol, Johnson City, and Kingsport. According to 2021 U.S Census estimates, the City of Kingsport has an estimated population of 56,150 and the City of Bristol has an estimated population of 27,705.

The County is the geographic center of the Tri-Cities (Johnson City-Kingsport-Bristol, TN/VA) Combined Statistical Area (CSA). The Tri-Cities Combined Statistical Labor Market consists of a five-county region in Tennessee and two counties and an independent city in Virginia. The CSA includes: Carter, Hawkins, Sullivan, Unicoi, and Washington counties in Tennessee and Scott and Washington counties in Virginia as well as the City of Bristol in Virginia.

Sullivan County enjoys a strong economic base due to its central location in the Tri-Cities Combined Statistical Area market which had a 2021 estimated population of 521,528. The Tri-Cities serve a growing CSA market as well as a trade area extending into portions of Tennessee, Virginia, North Carolina, Kentucky and West Virginia and reaching an even larger regional market. With improvements to transportation networks, the region has become a unified economic base with Sullivan County as the core.

DEMOGRAPHIC DATA

Population

According to U.S. Census estimate data, Sullivan County had a population of 160,820 in 2022 making it the 9th most populated county in Tennessee.

	<u>County</u>	<u>Tennessee</u>
1970 U.S. Census	127,329	3,926,018
1980 U.S. Census	143,968	4,600,252
1990 U.S. Census	143,886	4,890,626
2000 U.S. Census	152,977	5,703,719
2010 U.S. Census	156,756	6,355,518
2020 U.S. Census	158,237	6,925,619
2021 U.S. Census Estimate	159,167	6,968,351
2022 U.S. Census Estimate	160,820	7,051,339

Source: U.S. Bureau of Census

Income

In 2021, Sullivan County had a per capita personal income of \$50,418 that was 88.5% of the State per capita personal income of \$56,970.

	County	Tennessee	% of State
2012 Per Capita Personal Income	\$37,851	\$39,082	96.9%
2013 Per Capita Personal Income	\$37,491	\$39,102	95.9%
2014 Per Capita Personal Income	\$37,952	\$40,230	94.3%
2015 Per Capita Personal Income	\$38,998	\$41,942	93.0%
2016 Per Capita Personal Income	\$39,798	\$42,943	92.7%
2017 Per Capita Personal Income	\$40,790	\$44,411	91.8%
2018 Per Capita Personal Income	\$42,610	\$46,452	91.7%
2019 Per Capita Personal Income	\$44,125	\$48,889	90.3%
2020 Per Capita Personal Income	\$47,021	\$51,928	90.6%
2021 Per Capita Personal Income	\$50,418	\$56,970	88.5%

Source: Bureau of Economic Analysis, CA1-3 Personal Income Summary

Housing

In 2022, Sullivan County had a median housing value of \$212,000 that was 65.2% of the State median housing value of \$325,000.

Median Housing Values

	Sullivan County	Tennessee	% of State
2013 Median Housing Value	133,250	165,000	80.8%
2014 Median Housing Value	132,000	166,000	79.5%
2015 Median Housing Value	132,000	175,000	75.4%
2016 Median Housing Value	134,000	185,000	72.4%
2017 Median Housing Value	132,500	196,800	67.3%
2018 Median Housing Value	144,175	210,000	68.7%
2019 Median Housing Value	153,500	226,000	67.9%
2020 Median Housing Value	163,000	244,900	66.6%
2021 Median Housing Value	180,500	283,410	63.7%
2022 Median Housing Value	212,000	325,000	65.2%

Source: Tennessee Housing Development Agency – This data reflects only the sales prices of new and existing homes that were sold in the respective years. This data may not be representative of the median value of all homes in the County or State.

Economic Data

The following table shows the County's largest employers and their respective number of employees in the County, as well as the industry in which they operate.

Employer	Employees	Industry
Eastman Chemical Company	6,800	Specialty Chemicals
Holston Valley Medical Center	1,400	Healthcare Services
Sullivan County Board of Education	1,317	Education
Wellmont Health System	1,100	Healthcare Services
Kingsport City Schools	1,100	Education
Sullivan County Government	1,074	Government
Teleperformance	943	Call Center Services
Eastman Credit Union	805	Banking
City of Kingsport	759	Government
Home Shopping Network	667	Fulfillment

Source: Tennessee Department of Economic and Community Development

Labor Force, Employment and Unemployment Data

Year	Employment	Unemployment	Total Labor Force	Unemployment Percent		
				County	State	U.S.
2013	66,324	5,455	71,779	7.6%	7.7%	7.4%
2014	65,323	4,691	70,014	6.7%	6.6%	6.2%
2015	65,346	3,950	69,296	5.7%	5.6%	5.3%
2016	66,185	3,630	69,815	5.2%	4.8%	4.9%
2017	67,254	2,802	70,056	4.0%	3.8%	4.4%
2018	67,801	2,605	70,406	3.7%	3.5%	3.9%
2019	68,284	2,550	70,834	3.6%	3.3%	3.7%
2020	64,347	4,992	69,339	7.2%	7.5%	8.1%
2021	65,612	3,092	68,704	4.5%	4.5%	5.4%
2022	66,387	2,408	68,795	3.5%	3.4%	3.6%
Aug-23	66,691	2,347	69,038	3.4%	3.1%	3.8%

Source: Bureau of Labor Statistics

Transportation

Interstates 81 and 26 cross in Sullivan County. U.S. Highways 11, 19, 23, and 421 serve as the main thoroughfares for the County.

Air Transport. The Tri-Cities Regional Airport in the midst of the Tri-Cities Combined Statistical Area (CSA) serves travelers from Northeast Tennessee, Southwest Virginia, Northwest North Carolina and Southeast Kentucky. The Airport offers three scheduled airlines serving passengers through four connecting hubs and leisure destinations. Delta provides service to Atlanta, GA; US Airways Express serves Charlotte, NC; and Allegiant offers service to Orlando, FL and St. Petersburg/Clearwater, FL.

Rail Transport. The Norfolk Southern and CSX railroads serve the County.

Health Care Services

The health care services of Sullivan County include Ballard Health and Frontier Health.

Ballad Health is an integrated healthcare system serving 29 counties of Northeast Tennessee, Southwest Virginia, Northwest North Carolina and Southeast Kentucky. It operates a family of 21 hospitals, including three tertiary medical centers, a dedicated children's hospital, community hospitals, three critical access hospitals, a behavioral health hospital, an addiction treatment facility, long-term care facilities, home care and hospice services, retail pharmacies, outpatient services and a comprehensive medical management corporation. Ballard Health was formed in 2018 by the merger of two regional health systems, Mountain State Health Alliance and Wellmont Health System. Ballard's Holston Valley Medical Center is located in Kingsport, TN.

Founded in 1957, Frontier Health is one of the region's leading providers of behavioral health services. Headquartered in Johnson City, TN, Frontier Health maintains 64 professionally staffed facilities in 12 counties throughout Northeast Tennessee and Southwest Virginia.

Higher Education

East Tennessee State University and Quillen College of Medicine. East Tennessee State University (ETSU) is a state-supported regional university founded in 1911. ETSU's main campus is located on 340 acres in Johnson City, Tennessee, in the mountain and lake country of the Tri-Cities Tennessee/Virginia region. Off-campus centers include ETSU/UT at Kingsport, the Nave Center in Elizabethton, and additional campuses in Bristol, Greeneville, and Sevierville. Approximately 15,000 students are enrolled in over 125 degree programs, including the M.D. degree through the Quillen College of Medicine.

King University. King University is a private four-year liberal arts university located in Bristol, TN. More than 1,900 students are enrolled in King University's seven academic schools of learning: College of Arts and Sciences, School of Business, School of Education, School of Nursing, Peeke School of Christian Mission, School of Behavioral and Health Sciences, and School of Applied Science and Technology.

Northeast State Community College. Northeast State Community College, a comprehensive two-year community college governed by the Tennessee Board of Regents, is located in Blountville, TN. More than 5,800 students are enrolled in Northeast State's various technical and transfer associate degree

and certificate programs, comprehensive economic development programs, quality management programs, and business and industry training programs.

Public Education

The public school system for areas in the County outside the cities of Bristol, Johnson City, and Kingsport is operated by the County's Department of Education, which is administered by a Director of Schools under the policy-making authority of the local Board of Education. The County's average daily membership for the 2021-2022 school year was 8,150. The Cities of Bristol, Johnson City and Kingsport operate their own public school systems. A small portion of students that attend Kingsport City Schools reside in Hawkins County and a small portion of students that attend Johnson City Schools reside in the portion of Johnson City that lies within Sullivan County.

Accounting and Financial Reporting for Retirement Commitments

See page 84, Note F of the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2022.

Accounting and Financial Reporting for Other Postemployment Benefits

See page 101, Note G of the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2022.

SELECTED FINANCIAL INFORMATION REGARDING THE COUNTY

General

The County accounts for its financial resources on the basis of funds and account groups, each of which is considered a separate accounting entity. The General Fund is the general operating fund of the County. Other funds include Special Revenue Funds, the General Service Fund, Capital Projects Funds, Internal Service Funds and Trust and Agency Funds. For additional information regarding the component units, see Notes to the General Purpose Financial Statements contained in APPENDIX C hereto.

Revenues applicable to the payment of the principal of and interest on the Obligations are accounted for in the Debt Service Fund. Revenues securing the payment of principal of and interest on the Obligations are derived from the collection of ad valorem taxes levied on all taxable property within the boundaries of the County. Such tax collections for the Obligations will be used exclusively to pay the principal of and interest on the Obligations. Included as APPENDIX C to this Official Statement are the General Purpose Financial Statements and notes thereto for the fiscal year ended June 30, 2022. Potential purchasers should read APPENDIX C in its entirety for more complete information concerning the County's financial position.

The County uses the modified accrual basis of accounting for all Governmental Funds, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Funds where expenditures determine the eligibility for grants recognize revenue at the time of the expenditures. Grant proceeds received prior to meeting the aforementioned revenue recognition policy are recorded as deferred revenues. Principal and interest on general long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

The primary revenue susceptible to accrual are revenues received from the State of Tennessee. Sales tax collected and held by the State at year end on behalf of the County and its component units are also recognized as revenue.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when incurred.

For additional information regarding these funds, see Notes to the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2022, in APPENDIX C hereto.

**SULLIVAN COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT ⁽¹⁾**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding June 30, 2022
Self-supporting debt service paid by the Tri-Cities Regional Airport Authority⁽²⁾					
\$8,500,000	Aerospace Park Bonds, Series 2018 (Taxable)	03/19/18	05/01/38	3.00% - 4.00%	\$5,650,000
Total Self-Supporting Airport Revenue and Tax Bonds					\$5,650,000
Sullivan County Summary of Outstanding General Debt as of June 30, 2022					
Bonds					
24,870,000	GO Refunding Bonds, Series 2015A	03/30/15	04/01/26	1.99%	9,195,000
6,265,000	GO Refunding Bonds, Series 2015C	03/30/15	04/01/28	2.84%	3,455,000
135,740,000	GO School Bonds, Series 2017	03/30/17	05/01/47	3.00% - 5.00%	125,155,000
3,745,000	GO Bonds, Series 2019	12/05/19	06/01/39	2.25% - 5.00%	3,370,000
76,190,000	GO Bonds, Series 2020	10/28/20	05/01/41	2.00% - 5.00%	73,655,000
4,000,000	GO Bonds, Series 2021	12/22/21	05/01/41	1.85% - 2.65%	3,900,000
17,000,000	Proposed GO Public Improvement Bonds, Series 2023	TBD	05/01/43	TBD	17,000,000 ⁽³⁾
Total Bonds					\$235,730,000
Notes					
\$1,500,000	School Roof	10/12/15	10/16/23	2.65%	\$321,007
Total Notes					\$321,007
Loans					
\$15,480,000	Qualified School Construction Bonds, Series 2009	12/17/09	07/01/26	1.515%	\$4,049,854
5,073,000	Qualified School Construction Bonds, Series 2010	10/07/10	08/01/27	0.00%	1,643,739
5,054,635	Energy Efficient Schools Initiative	05/16/11	04/16/20	0.00%	1,521,517
Total Loans					\$7,215,110
Capital Leases					
494,574	Dump Trucks	11/30/17	11/01/23	4.26%	93,806
33,501	Court System Computers	08/15/18	06/15/23	6.50%	7,556
28,899	Circuit Servers	10/16/18	08/16/22	6.50%	1,352
133,275	Sheriff Vehicles	12/23/20	04/17/24	3.79%	67,397
58,826	Circuit Computers	03/04/21	01/04/25	6.00%	38,880
690,579	Sheriff Vehicles	10/22/21	03/28/25	3.43%	516,428
Total Capital Leases					\$725,419
Total Sullivan County Outstanding General Debt					\$243,991,536

(1) As of 6/30/2022 and adjusted for proposed GO Public Improvement Bonds, Series 2023.

(2) The County has a contingent liability relating to the funding of the regional airport as described in the Notes section of its Annual Financial Report June 30, 2022.

Sources: Annual Financial Reports as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2022, information from various cities, and County Officials.

(3) Preliminary, subject to change.

**SULLIVAN COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT
Debt Statement as of June 30, 2022⁽¹⁾**

Outstanding Debt	
Total Current Outstanding Debt	<u>\$243,991,536</u>
Gross Direct Debt	\$243,991,536
Less: Debt Service Fund Balance	<u>(4,375,726)</u>
Net Direct Debt	<u>\$239,615,810</u>
Net Overlapping Debt as of June 30, 2022	
City of Bluff City	\$131,000
City of Bristol	38,660,000
City of Johnson City (that portion in Sullivan Co. 1.47%)	2,141,074
City of Kingsport (that portion in Sullivan Co. 95.87%)	109,399,278
County District of Sullivan County ⁽²⁾	<u>0</u>
Total Net Overlapping Debt	<u>\$150,331,352</u>
Overall Net Debt	<u><u>\$389,947,162</u></u>

DEBT RECORD

There is no record of a default of paying principal and interest on any debt from information available.

(1) As of 6/30/2022 and adjusted for proposed GO Public Improvement Bonds, Series 2023.

(2) Payable by Ad Valorem tax on property inside the County and outside the cities of Bristol, Johnson City and Kingsport.

Sources: Annual Financial Reports as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2022 information from various cities, and County Officials.

POPULATION

	<u>County</u>	<u>Tennessee</u>
1970 U.S. Census	127,329	3,926,018
1980 U.S. Census	143,968	4,600,252
1990 U.S. Census	143,886	4,890,626
2000 U.S. Census	152,977	5,703,719
2010 U.S. Census	156,756	6,355,518
2020 U.S. Census	158,237	6,925,619
2021 U.S. Census Estimate	159,167	6,968,351
2022 U.S. Census Estimate	160,820	7,051,339

Source: U.S. Bureau of Census

PER CAPITA DEBT RATIOS

Outstanding Debt	\$1,517.17
Gross Direct Debt	\$1,517.17
Net Direct Debt	\$1,489.96
Total Net Overlapping Debt	\$934.78
Overall Net Debt	\$2,424.74

DEBT RATIOS

	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
Property Values	\$ 4,502,814,250	\$ 15,413,024,355
Total Current Outstanding Debt to	5.42%	1.58%
Gross Direct Debt to	5.42%	1.58%
Net Direct Debt to	5.32%	1.55%
Total Net Overlapping Debt to	3.34%	0.98%
Overall Net Debt to	8.66%	2.53%

DEBT TREND ⁽¹⁾

	<u>06/30/22</u>	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Outstanding Obligations					
County-Wide Bonds	\$218,730,000	\$223,895,000	\$153,860,000	\$155,915,000	\$161,320,000
Notes	321,007	481,063	636,939	788,744	936,585
Loans	7,215,110	8,925,025	10,631,748	12,335,303	14,035,714
Capitalized Leases	725,419	734,585	1,140,688	1,847,250	1,040,608
Total Debt	<u>\$226,991,536</u>	<u>\$234,035,673</u>	<u>\$166,269,375</u>	<u>\$170,886,297</u>	<u>\$177,332,907</u>

(1) The County has a contingent liability relating to the funding of the regional airport as described in the Notes section of the Annual Financial Report as of June 30, 2022.

Sources: Annual Financial Reports for the years ending June 30, 2018 - 2022 prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

SULLIVAN COUNTY GENERAL DEBT SERVICE REQUIREMENTS

(as of June 30, 2022)⁽¹⁾

		Principal				Interest			
Year No.	Year Ended June 30	Outstanding Bonds, Notes, Loans, & Capital Leases	Plus: Proposed GO Public Improvement Bonds, Series 2023⁽²⁾	Total Principal	Percent Principal Retired	Outstanding Bonds, Notes, Loans, & Capital Leases	Plus: Proposed GO Public Improvement Bonds, Series 2023⁽²⁾	Total Interest	Total Debt Service
1	2023	11,892,238		11,892,238		8,431,771		8,431,771	20,324,009
2	2024	12,338,594	600,000	12,938,594		7,945,341	308,282	8,253,623	21,192,217
3	2025	10,564,731	630,000	11,194,731		7,437,480	602,793	8,040,272	19,235,003
4	2026	10,107,364	650,000	10,757,364		7,012,741	581,058	7,593,798	18,351,162
5	2027	8,263,768	675,000	8,938,768	22.84%	6,399,782	560,258	6,960,039	15,898,807
6	2028	8,139,841	695,000	8,834,841		5,851,056	538,658	6,389,713	15,224,554
7	2029	7,830,000	715,000	8,545,000		5,475,204	516,070	5,991,274	14,536,274
8	2030	8,180,000	740,000	8,920,000		5,130,439	493,905	5,624,344	14,544,344
9	2031	8,495,000	765,000	9,260,000		4,813,881	470,965	5,284,846	14,544,846
10	2032	8,790,000	785,000	9,575,000	41.34%	4,521,181	446,868	4,968,049	14,543,049
11	2033	9,050,000	810,000	9,860,000		4,258,269	421,748	4,680,017	14,540,017
12	2034	9,320,000	840,000	10,160,000		3,986,643	395,828	4,382,471	14,542,471
13	2035	9,565,000	865,000	10,430,000		3,740,613	368,528	4,109,140	14,539,140
14	2036	9,820,000	895,000	10,715,000		3,487,781	339,118	3,826,899	14,541,899
15	2037	10,085,000	925,000	11,010,000	62.72%	3,221,025	307,345	3,528,370	14,538,370
16	2038	10,400,000	960,000	11,360,000		2,914,413	273,583	3,187,995	14,547,995
17	2039	10,715,000	1,000,000	11,715,000		2,596,663	232,783	2,829,445	14,544,445
18	2040	10,785,000	1,045,000	11,830,000		2,268,263	190,283	2,458,545	14,288,545
19	2041	11,125,000	1,090,000	12,215,000		1,934,963	145,870	2,080,833	14,295,833
20	2042	6,280,000	1,135,000	7,415,000	85.07%	1,590,100	99,545	1,689,645	9,104,645
21	2043	6,530,000	1,180,000	7,710,000		1,338,900	50,740	1,389,640	9,099,640
22	2044	6,770,000		6,770,000		1,102,188		1,102,188	7,872,188
23	2045	7,040,000		7,040,000		831,387		831,387	7,871,387
24	2046	7,320,000		7,320,000		549,788		549,788	7,869,788
25	2047	7,585,000		7,585,000	100.00%	284,437		284,437	7,869,437
		<u>\$226,991,536</u>	<u>\$17,000,000</u>	<u>\$243,991,536</u>		<u>\$97,124,306</u>	<u>\$7,344,222</u>	<u>\$104,468,528</u>	<u>\$348,460,064</u>

(1) As of 6/30/2022 and adjusted for Proposed GO Public Improvement Bonds, Series 2023.

(2) Preliminary, subject to change.

Source: Annual Financial Report as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2022 and County Officials.

TRI-CITIES REGIONAL AIRPORT DEBT SERVICE REQUIREMENTS
(as of June 30, 2022)

Year No.	Year Ended June 30	Outstanding Principal	Total Principal	Percent Principal Retired	Outstanding Interest	Total Interest	Total Debt Service
1	2023	265,000	265,000		200,106	200,106	465,106
2	2024	275,000	275,000		188,181	188,181	463,181
3	2025	290,000	290,000		175,806	175,806	465,806
4	2026	305,000	305,000		162,756	162,756	467,756
5	2027	315,000	315,000	25.66%	153,606	153,606	468,606
6	2028	325,000	325,000		143,763	143,763	468,763
7	2029	330,000	330,000		133,200	133,200	463,200
8	2030	345,000	345,000		122,475	122,475	467,475
9	2031	360,000	360,000		111,263	111,263	471,263
10	2032	370,000	370,000	56.28%	99,563	99,563	469,563
11	2033	380,000	380,000		87,075	87,075	467,075
12	2034	390,000	390,000		74,250	74,250	464,250
13	2035	405,000	405,000		60,600	60,600	465,600
14	2036	415,000	415,000		46,425	46,425	461,425
15	2037	427,500	427,500	91.99%	31,900	31,900	459,400
16	2038	452,500	452,500	100.00%	16,312	16,312	468,812
		<u>\$5,650,000</u>	<u>\$5,650,000</u>		<u>\$1,807,281</u>	<u>\$1,807,281</u>	<u>\$7,457,281</u>

Source: Tri-Cities Airport Annual Financial Report as prepared by Blackburn, Childers & Steagall, PLC for the year ending June 30, 2022 and County Officials.

Real Property Assessment, Tax Levy and Collection Procedures

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the “General Assembly”) exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as defined under the Tennessee Code Annotated.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four subclassifications and assessed at the rates as follows:

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three subclassifications and assessed at the rates as follows:

(a) Public Utility Property, to be assessed at 55% of its value;

(b) Industrial and Commercial Property, to be assessed at 30% of its value; and

(c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into subclassifications and

to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county.

All property is required to be taxed according to its values upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

Valuation for Property Tax Purposes

The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State board of equalization. Such assessment manuals are required to take into

account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

[The remainder of this page is intentionally left blank.]

PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year Tax Year	2022-2023 2022	2021-2022 2021	2020-2021 2020	2019-2020 2019	2018-2019 2018
ESTIMATED ACTUAL VALUES					
Residential & Farm	\$9,695,684,900	\$9,553,571,400	\$9,795,888,875	\$9,723,144,846	\$8,451,419,000
Commercial & Industrial	3,129,672,800	3,166,131,100	3,406,541,667	3,334,694,234	2,915,564,600
Personal Property	2,218,721,879	2,163,287,325	1,932,252,629	1,973,514,555	1,962,091,990
Public Utilities	368,944,776	355,985,725	298,514,784	273,320,820	297,924,459
Total Estimated Actual Values	\$15,413,024,355	\$15,238,975,550	\$15,433,197,955	\$15,304,674,455	\$13,627,000,049
Annual Percentage Change	1.14%	-1.26%	0.84%	12.31%	1.39%
Estimated Per Capita Amount	\$95,840	\$95,742	\$97,532	\$96,578	\$86,364
COUNTY-WIDE ASSESSED VALUES					
Residential & Farm (at 25%)	\$2,423,928,335	\$2,388,399,960	\$2,150,932,250	\$2,134,959,475	\$2,112,854,750
Commercial & Industrial (at 40%)	1,251,869,120	1,266,452,440	1,196,786,200	1,171,544,760	1,166,225,840
Personal Property (at 30%)	665,616,782	649,014,168	513,902,903	526,283,075	588,627,765
Public Utilities (at 30%-55%)	161,400,013	155,743,387	130,301,703	119,304,538	130,341,033
Total Assessed Values	\$4,502,814,250	\$4,459,609,955	\$3,991,923,056	\$3,952,091,848	\$3,998,049,388
Annual Percentage Change	0.97%	11.72%	1.01%	-1.15%	1.47%
Estimated Per Capita Amount	\$27,999	\$28,018	\$25,227	\$24,939	\$25,339
Appraisal Ratio	100.00%	100.00%	87.83%	87.83%	100.00%
Assessed Values to Actual Values	29.21%	29.26%	25.87%	25.82%	29.34%
Property Tax Rate					
General Fund	\$0.7288	\$0.7288	\$0.8100	\$0.8100	\$0.7900
Capital Projects	\$0.0837	\$0.0837	\$0.0930	\$0.0930	\$0.0930
General Debt Service Fund	\$0.3369	\$0.3369	\$0.2200	\$0.2200	\$0.2200
General Purpose School Fund	\$1.1716	\$1.1716	\$1.3530	\$1.3530	\$1.3530
Highway/Public Works	\$0.0675	\$0.0675	\$0.0750	\$0.0750	\$0.0750
Solid Waste/Sanitation	\$0.0177	\$0.0177	\$0.0190	\$0.0190	\$0.0190
Total Property Tax Rates	\$2.4062	\$2.4062	\$2.5700	\$2.5700	\$2.5500
Taxes Levied	\$108,346,716	\$107,307,135	\$102,592,423	\$101,568,760	\$101,950,259
Collections					
Current Fiscal Year	In Process	\$101,099,703	\$97,436,023	\$95,977,880	\$97,463,731
Percent Collected Current FY	In Process	94.22%	94.97%	94.50%	95.60%

Sources: State Board of Equalization, 2018 - 2022 Tax Aggregate Reports of Tennessee, the Annual Financial Reports for the years ending June 30, 2018 - 2022 as prepared by the Comptroller of the Treasury and County Officials.

TOP COUNTY-WIDE TAXPAYERS

<u>Taxpayer</u>	<u>Type Product/Service</u>	<u>Assessed Value as a</u>	
		<u>Tax Year 2022</u>	<u>% of Tax Year 2022</u>
		<u>Assessed Value</u>	<u>Total Assessment</u>
Eastman Chemical Company	Manufacturer	\$ 543,651,225	12.07%
Bristol Motor Speedway	Sports/Entertainment	42,417,916	0.94%
Kingsport Power	Public Utility	40,849,765	0.91%
Groseclose Thelma Q ETAL	Real Estate	26,205,720	0.58%
Pinnacle	Retail Development	24,616,720	0.55%
Eastman Credit Union	Banking	18,910,497	0.42%
Wal Mart	Retail Development	17,430,737	0.39%
Primester	Pharmaceutical Company	17,210,000	0.38%
East Tennessee Natural Gas LLC	Public Utility	16,625,634	0.37%
Atmos Energy	Public Utility	15,160,420	0.34%

Source: Sullivan County Property Assessor.

FUND BALANCES

	<u>06/30/22</u>	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
GOVERNMENTAL FUNDS					
General Government Fund	\$22,612,988	\$19,165,355	\$14,577,204	\$14,218,870	\$11,679,092
Highway/Public Works Fund	8,158,509	8,178,741	7,685,425	7,740,974	7,331,283
General Debt Service Fund	4,375,726	3,445,739	4,703,856	4,604,938	4,231,227
Special Revenue Funds	3,756,220	3,522,124	3,027,923	3,444,407	2,833,350
Education Debt Service Fund	0	0	0	0	116,311
Capital Projects Funds	79,612,053	83,125,838	4,139,021	487,984	255,107
	<u>\$118,515,496</u>	<u>\$117,437,797</u>	<u>\$34,133,429</u>	<u>\$30,497,173</u>	<u>\$26,446,370</u>
DISCRETELY PRESENTED					
SCHOOL DEPARTMENT					
General Purpose School Funds	\$22,541,660	\$20,699,250	\$24,593,220	\$20,585,427	\$15,996,190
Special Revenue Funds	8,119,933	2,947,791	3,165,395	3,699,469	4,438,982
Capital Projects Funds	0	2,078,654	2,895,620	36,204,603	59,080,999
	<u>\$30,661,593</u>	<u>\$25,725,695</u>	<u>\$30,654,235</u>	<u>\$60,489,499</u>	<u>\$79,516,171</u>
TOTAL ALL FUNDS	<u>\$149,177,089</u>	<u>\$143,163,492</u>	<u>\$64,787,664</u>	<u>\$90,986,672</u>	<u>\$105,962,541</u>

Sources: Annual Financial Reports for the years ending June 30, 2018 - 2022 as prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

LOCAL SALES TAX

	<u>FY2021-2022</u>	<u>FY2020-2021</u>	<u>FY2019-2020</u>	<u>FY2018-2019</u>	<u>FY2017-2018</u>
Rate (Percent of retail sales)	2.25%	2.25%	2.25%	2.25%	2.25%
Distribution					
General Fund	\$3,310,790	\$2,592,594	\$1,755,376	\$1,381,224	\$929,230
General Purpose School	15,601,794	14,430,876	13,023,496	13,164,187	13,032,263
Cities Portion	32,832,548	27,292,513	24,684,815	25,019,820	24,608,171
Cities School Portion	21,314,716	17,954,231	15,854,981	15,732,347	14,989,684
Highway/Public Works	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Amount Collected	<u>\$75,559,848</u>	<u>\$64,770,214</u>	<u>\$57,818,668</u>	<u>\$57,797,578</u>	<u>\$56,059,348</u>
% of Increase	16.66%	12.02%	0.04%	3.10%	2.58%

Sources: Annual Financial Reports for the years ending June 30, 2018 - 2022 as prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

Bondholder Risks

The purchase of the Series 2023 Bonds involves various risks and investment considerations. Certain of these risks and investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible risk factors nor a substitute for an independent evaluation of the information presented in this Official Statement, including the appendices attached hereto.

Each potential purchaser of any of the Series 2023 Bonds should read this Official Statement, including the appendices attached hereto, in its entirety and consult such prospective purchaser's own investment, financial and legal advisor for a more complete explanation of the matters that should be evaluated and considered when purchasing the Series 2023 Bonds.

Epidemics, Pandemics and Public Health Emergencies

The outbreak of epidemics, pandemics and other public health emergencies have the potential to materially disrupt the operations and financial condition of the County and the local economy. The spread of Covid-19, a respiratory disease caused by a novel strain of coronavirus, is an example of a recent public health emergency. The Covid-19 outbreak led to quarantines and social-distancing efforts that impacted government agencies, schools, businesses and other entities throughout the County and the State. Multiple vaccines and additional boosters for the virus were approved for distribution in the United States. The vaccines have had varying efficacy rates and studies suggest the efficacy rates may decline over time. While some studies suggest that the existing vaccines are effective against known variants of the virus, there is no assurance that future variants will not be resistant to current vaccines.

Given the evolving nature of the spread of the disease, and future diseases, and the behavior of governments, businesses, and individuals in response thereto, the Issuer is unable to predict the (1) extent or duration of the Covid-19 outbreak or other epidemics, pandemics or public health emergencies, (2) the extent or duration of any existing or future quarantines, business closures, travel restrictions or other measures relating to Covid-19 or other epidemics, pandemics or public health emergencies, and (3) whether and to what extent the Covid-19 outbreak or other epidemics, pandemics or public health emergencies will adversely affect the operations or financial condition of the Issuer.

Climate Change

Numerous scientific studies have suggested that changing global weather patterns and extreme weather events may potentially disrupt government operations and economic conditions in impacted areas. Changing weather patterns can potentially increase the risk of higher temperatures, changes in precipitation, increased flooding, droughts and fires. The County cannot accurately predict the timing, extent or severity of any climate change and its impact on the County's operations and finances.

Cyber-Security

The County utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information, and as a result, the County may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the

County to legal action. The County has no knowledge of, nor historical record of any successful cyber-security breach or related attack. Attempted cyber-security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or agencies of similar characteristics. To mitigate against such risks, the County has instituted various policies and procedures to protect its network infrastructure, including a cyber-security training requirement for certain departments, as well as general cyber-security training and awareness for all employees. Despite the County's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing, where applicable, the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

APPENDIX C

Comprehensive Annual Financial Report of the County for the
Fiscal Year Ended June 30, 2022



ANNUAL FINANCIAL REPORT

Sullivan County, Tennessee

For the Year Ended June 30, 2022

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2022

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

This financial report is available at www.comptroller.tn.gov.

SULLIVAN COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Sullivan County Officials		8-9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	24-25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	26-27
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	28-31
Other General Government Fund	C-6	32
Proprietary Funds:		
Statement of Net Position	D-1	33
Statement of Revenues, Expenses, and Changes in Net Position	D-2	34
Statement of Cash Flows	D-3	35
Fiduciary Funds:		
Statement of Net Position	E-1	36
Statement of Changes in Net Position	E-2	37
Index and Notes to the Financial Statements		38-117
REQUIRED SUPPLEMENTARY INFORMATION:		118
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-1	119
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	120
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Sullivan County School Department	F-3	121
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Sullivan County School Department	F-4	122

	Exhibit	Page(s)
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Retirement Plan of TCRS – Discretely Presented Sullivan County School Department	F-5	123
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Sullivan County School Department	F-6	124
Schedule of Changes in the Total OPEB Liability and Related Ratios Local Government Plan - Primary Government	F-7	125
Schedule of Changes in the Total OPEB Liability and Related Ratios Medicare Supplement Plan - Primary Government	F-8	126
Schedule of Changes in the Total OPEB Liability and Related Ratios Local Education Plan - Discretely Presented Sullivan County School Department	F-9	127
Schedule of Changes in the Total OPEB Liability and Related Ratios Tennessee Plan - Medicare - Discretely Presented Sullivan County School Department	F-10	128
Notes to the Required Supplementary Information		129
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		130
Nonmajor Governmental Funds:		131-132
Combining Balance Sheet	G-1	133-136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	137-138
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	G-3	139
Ambulance Service Fund	G-4	140
Drug Control Fund	G-5	141
Highway/Public Works Fund	G-6	142
General Capital Projects Fund	G-7	143
Major Governmental Fund:		144
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	145
Proprietary Funds:		146
Combining Statement of Net Position	I-1	147
Combining Statement of Revenues, Expenses, and Changes in Net Position	I-2	148
Combining Statement of Cash Flows	I-3	149
Fiduciary Funds:		150
Combining Statement of Net Position – Custodial Funds	J-1	151-152
Combining Statement of Changes in Net Position – Custodial Funds	J-2	153
Component Unit:		
Discretely Presented Sullivan County School Department:		154
Statement of Activities	K-1	155
Balance Sheet – Governmental Funds	K-2	156-157
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	K-3	158
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	K-4	159
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	K-5	160
Combining Balance Sheet – Nonmajor Governmental Funds	K-6	161
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	K-7	162-163

	Exhibit	Page(s)
Schedules of Revenues, Expenditures, and Changes in Fund		
Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	K-8	164-165
School Federal Projects Fund	K-9	166
Central Cafeteria Fund	K-10	167
Other Education Special Revenue Fund	K-11	168
School Improvement Fund	K-12	169
Statement of Fiduciary Net Position	K-13	170
Statement of Changes in Fiduciary Net Position	K-14	171
Miscellaneous Schedules:		172
Schedule of Changes in Long-term Notes, Other Loans,		
Bonds, and Nonexchange Financial Guarantee	L-1	173-174
Schedule of Long-term Debt Requirements by Year	L-2	175-177
Schedule of Changes in Lease Obligations - Discretely Presented Sullivan		
County School Department	L-3	178
Schedule of Lease Requirements by Year - Discretely Presented Sullivan		
County School Department	L-4	179
Schedule of Leases Receivable - Primary Government	L-5	180
Schedule of Transfers – Primary Government and Discretely		
Presented Sullivan County School Department	L-6	181
Schedule of Salaries and Official Bonds of Principal Officials –		
Primary Government and Discretely Presented Sullivan		
County School Department	L-7	182
Schedule of Detailed Revenues – All Governmental Fund Types	L-8	183-196
Schedule of Detailed Revenues – All Governmental Fund Types –		
Discretely Presented Sullivan County School Department	L-9	197-200
Schedule of Detailed Expenditures – All Governmental Fund Types	L-10	201-234
Schedule of Detailed Expenditures – All Governmental Fund Types –		
Discretely Presented Sullivan County School Department	L-11	235-247
Schedule of Detailed Additions, Deductions, and Changes in		
Net Position – City Custodial Funds	L-12	248
<u>SINGLE AUDIT SECTION</u>		249
Auditor's Report on Internal Control Over Financial Reporting and on		
Compliance and Other Matters Based on an Audit of Financial		
Statements Performed in Accordance with <i>Government</i>		
<i>Auditing Standards</i>		250-251
Auditor's Report on Compliance for Each Major Federal Program; Report		
on Internal Control Over Compliance; and Report on the Schedule of		
Expenditures of Federal Awards Required by Uniform Guidance		252-255
Schedule of Expenditures of Federal Awards and State Grants		256-258
Summary Schedule of Prior-year Findings		259
Schedule of Findings and Questioned Costs		260-268
Management's Corrective Action Plan		269-272

Summary of Audit Findings

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2022

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2022.

Results

Our report on Sullivan County's financial statements is unmodified.

Our audit resulted in five findings and recommendations, which we have reviewed with Sullivan County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, AND FINANCE DIRECTOR

- ◆ Accounting records were not closed and available for audit by August 31, 2022.
- ◆ The accounting records for some funds had not been maintained properly.
- ◆ Deficiencies related to the administration of payroll resulted in improper payments to some former school department employees.
- ◆ Deficiencies were noted in purchasing procedures related to the school department.

OFFICES OF COUNTY MAYOR AND FINANCE DIRECTOR

- ◆ Observation Knob Park is currently being investigated.



INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2022

Officials

Richard Venable, County Mayor
Scott Murray, Highway Commissioner
Evelyn Rafalowski, Director of Schools
Susan Ramsey, Trustee
Kristinia Davis, Purchasing Agent
Larry Bailey, Finance Director
Teresa Jacobs, County Clerk
Bobby Russell, Circuit, General Sessions, and Law Courts Clerk
Katherine Priester, Clerk and Master
Sheena Tinsley, Register of Deeds
Donna Whitaker, Assessor of Property
Jeff Cassidy, Sheriff

Board of County Commissioners

Richard Venable, County Mayor, Chairman
David Akard
Judy Blalock
Todd Broughton
Darlene Calton
Michael Cole
Larry Crawford
Andrew Cross
Joyce Crosswhite
John Gardner
Colette George
Hershel Glover
Terry Harkleroad

Barry Hopper
Sam Jones
Dwight King
Tony Leonard
Hunter Locke
Randy Morrell
Archie Pierce
Angie Stanley
Alicia Starnes
Gary Stidham
Mark Vance
Doug Woods

Board of Education

Randall Jones, Chairman
Michael Hughes
Mark Ireson
Matthew Price

Paul Robinson
Mary Rouse
Matthew Spivey

Financial Management Committee

Hershel Glover, Chairman
Richard Venable
Scott Murray
Evelyn Rafalowski

Larry Bailey
Larry Crawford
Dwight King

Sullivan County Officials (Cont.)

Audit Committee

Dwight King, Chairman
John Gardner
Colette George

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

Sullivan County Mayor and
Board of County Commissioners
Sullivan County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Other General Government funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Internal School Fund, a special revenue fund of the discretely presented Sullivan County School Department, which represent 1.15 percent, 1.99 percent, and 2.25 percent, respectively, of the assets, net position, and revenues of the discretely presented Sullivan County School Department. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Internal School Fund of the Sullivan County School Department, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sullivan County, Tennessee, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating

to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note V.B., Sullivan County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB 87 establishes a single approach to accounting for and reporting leases by state and local governments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sullivan County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sullivan County's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sullivan County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedules of county and school changes in the total other postemployment benefits liability and related ratios, as listed under Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sullivan County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, on our consideration of Sullivan County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sullivan County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2023

JEM/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Position
June 30, 2022

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>ASSETS</u>		
Cash	\$ 2,351,718	\$ 3,141,057
Equity in Pooled Cash and Investments	146,739,784	23,191,646
Inventories	49,503	147,660
Accounts Receivable	3,509,926	223,720
Allowance for Uncollectibles	(781,147)	0
Due from Other Governments	5,268,740	6,913,998
Due from Primary Government	0	300,000
Due from Component Units	639,451	0
Lease Receivable from Component Unit	314,175	0
Property Taxes Receivable	56,987,667	23,348,991
Allowance for Uncollectible Property Taxes	(1,458,562)	(597,602)
Prepaid Items	189,889	2,494
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	654,426
Net Pension Asset - Agent Plan	29,677,764	7,442,641
Net Pension Asset - Teacher Retirement Plan	0	637,191
Net Pension Asset - Teacher Legacy Pension Plan	0	41,880,388
Capital Assets:		
Assets Not Depreciated:		
Land	2,595,187	5,923,758
Construction in Progress	9,284,566	826,138
Assets Net of Accumulated Depreciation/Amortization:		
Buildings and Improvements	21,812,389	134,681,926
Infrastructure	8,068,706	0
Other Capital Assets	12,494,853	2,279,041
Intangible Right-to-Use Assets	0	314,175
Total Assets	<u>\$ 297,744,609</u>	<u>\$ 251,311,648</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	\$ 189,903	\$ 0
Pension Changes in Experience	317,679	231,494
Pension Changes in Assumptions	9,597,331	13,826,404
Pension Changes in Proportion	0	64,278
Pension Contributions After Measurement Date	2,226,492	3,927,278
OPEB Changes in Experience	3,558,068	2,140,171
OPEB Changes in Assumptions	2,925,810	9,450,576
OPEB Changes in Proportion	0	760,228
OPEB Contributions after Measurement Date	475,550	1,997,829
Total Deferred Outflows of Resources	<u>\$ 19,290,833</u>	<u>\$ 32,398,258</u>

(Continued)

Exhibit A

Sullivan County, Tennessee
Statement of Net Position (Cont.)

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>LIABILITIES</u>		
Accounts Payable	\$ 921,240	\$ 62,183
Accrued Payroll	1,925,788	0
Accrued Interest Payable	1,353,089	0
Payroll Deductions Payable	267,725	850,033
Contracts Payable	76,300	272,256
Retainage Payable	373,893	133,624
Claims and Judgments Payable	488,263	57,917
Due to Primary Government	0	639,451
Due to Component Units	300,000	0
Due to State of Tennessee	4,044	15,195
Due to Other Governments	29,288,185	0
Other Current Liabilities	499,743	51,328
Noncurrent Liabilities:		
Due Within One Year - Lease Obligation to Primary Government	0	17,779
Due Within One Year - Debt	11,998,867	0
Due Within One Year - Other	1,525,301	523,553
Due in More Than One Year - Lease Obligation to Primary Government	0	296,396
Due in More Than One Year - Debt	228,912,320	0
Due in More Than One Year - Other	20,754,299	47,933,308
Total Liabilities	<u>\$ 298,689,057</u>	<u>\$ 50,853,023</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 54,331,575	\$ 22,260,737
Deferred Lease Receivable from Component Unit	314,175	0
Pension Changes in Experience	1,766,999	4,052,684
Pension Changes in Investment Earnings	23,119,936	39,563,516
Pension Changes in Proportion	0	131,924
OPEB Changes in Experience	6,372,921	6,079,168
OPEB Changes in Assumptions	5,049,991	11,213,088
OPEB Changes in Proportion	0	4,507,468
Total Deferred Inflows of Resources	<u>\$ 90,955,597</u>	<u>\$ 87,808,585</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 40,101,895	\$ 144,025,038
Restricted for:		
General Government	1,630,329	0
Finance	258,689	0
Administration of Justice	411,290	0
Public Safety	382,584	0
Public Health and Welfare	216,890	0
Debt Service	3,321,418	0
Education	0	7,564,060
Capital Projects	4,754,942	0
Pensions	29,677,764	50,614,646
Unrestricted	<u>(153,365,013)</u>	<u>(57,155,446)</u>
Total Net Position	<u>\$ (72,609,212)</u>	<u>\$ 145,048,298</u>

The notes to the financial statements are an integral part of this statement.

Exhibit B

Sullivan County, Tennessee
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government	Sullivan County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 6,417,800	\$ 2,048,675	\$ 2,014,327	\$ 250,000	\$ (2,104,798)	\$ 0
Finance	6,675,999	4,932,728	0	0	(1,743,271)	0
Administration of Justice	5,766,179	2,518,547	297,469	0	(2,950,163)	0
Public Safety	31,227,909	2,441,691	880,657	306,020	(27,599,541)	0
Public Health and Welfare	18,335,921	9,369,828	6,746,276	0	(2,219,817)	0
Social, Cultural, and Recreational Services	1,584,393	430,916	5,590	5,262	(1,142,625)	0
Agriculture and Natural Resources	225,838	0	0	0	(225,838)	0
Highways	11,024,072	188,098	3,913,521	416,804	(6,505,649)	0
Education	398,151	186,058	0	0	(212,093)	0
Debt Service:						
Interest	7,616,986	0	23,836	0	(7,593,150)	0
Total Primary Government	\$ 89,273,248	\$ 22,116,541	\$ 13,881,676	\$ 978,086	\$ (52,296,945)	\$ 0
Component Unit:						
Sullivan County School Department	\$ 89,109,486	\$ 567,057	\$ 20,142,548	\$ 1,191,761	\$ 0	\$ (67,208,120)
Total Component Unit	\$ 89,109,486	\$ 567,057	\$ 20,142,548	\$ 1,191,761	\$ 0	\$ (67,208,120)

(Continued)

Exhibit B

Sullivan County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government	Sullivan County School Department
					Governmental Activities	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 40,459,470	\$ 22,850,450
Property Taxes Levied for Debt Service					15,237,168	0
Local Option Sales Taxes					5,901,547	15,694,457
Litigation Tax - General					286,448	0
Litigation Tax - Office of Public Defender					128,900	0
Litigation Tax - Jail, Workhouse, or Courthouse					115,058	0
Litigation Tax - Courtroom Security					330,071	0
Business Tax					3,083,153	0
Mixed Drink Tax					14,520	0
Mineral Severance Tax					173,573	0
Wholesale Beer Tax					423,887	0
Grants and Contributions Not Restricted to Specific Programs					7,347,565	45,635,801
Unrestricted Investment Income					413,144	3,490
Miscellaneous					61,768	833,861
Total General Revenues					<u>\$ 73,976,272</u>	<u>\$ 85,018,059</u>
Change in Net Position					\$ 21,679,327	\$ 17,809,939
Net Position, July 1, 2021					<u>(94,288,539)</u>	<u>127,238,359</u>
Net Position, June 30, 2022					<u><u>\$ (72,609,212)</u></u>	<u><u>\$ 145,048,298</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Sullivan County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds				Nonmajor Funds	
	General	Other General Government Fund	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 1,445,717	\$ 0	\$ 0	\$ 93,148	\$ 583,626	\$ 2,122,491
Equity in Pooled Cash and Investments	21,791,199	29,302,385	3,814,796	79,298,441	11,745,881	145,952,702
Inventories	49,503	0	0	0	0	49,503
Accounts Receivable	321,379	0	116,129	0	3,072,329	3,509,837
Allowance for Uncollectibles	0	0	0	0	(781,147)	(781,147)
Due from Other Governments	4,002,056	0	242,198	0	1,024,486	5,268,740
Due from Other Funds	478,922	0	0	0	4,059	482,981
Due from Component Units	391,603	0	0	0	28,620	420,223
Property Taxes Receivable	33,640,540	0	15,550,903	0	7,796,224	56,987,667
Allowance for Uncollectible Property Taxes	(861,008)	0	(398,015)	0	(199,539)	(1,458,562)
Prepaid Items	2,770	0	187,119	0	0	189,889
Leases Receivable from Component Unit	314,175	0	0	0	0	314,175
Total Assets	<u>\$ 61,576,856</u>	<u>\$ 29,302,385</u>	<u>\$ 19,513,130</u>	<u>\$ 79,391,589</u>	<u>\$ 23,274,539</u>	<u>\$ 213,058,499</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 778,630	\$ 0	\$ 0	\$ 0	\$ 100,161	\$ 878,791
Accrued Payroll	1,395,681	0	0	0	530,107	1,925,788
Payroll Deductions Payable	195,490	0	0	0	72,235	267,725
Contracts Payable	0	0	0	76,300	0	76,300
Retainage Payable	0	0	0	373,893	0	373,893
Due to Other Funds	503,838	14,200	0	0	480,384	998,422
Due to Component Units	300,000	0	0	0	0	300,000
Due to State of Tennessee	4,044	0	0	0	0	4,044
Due to Other Governments	0	29,288,185	0	0	0	29,288,185

(Continued)

Exhibit C-1

Sullivan County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Other General Government Fund	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>LIABILITIES (Cont.)</u>						
Other Current Liabilities	\$ 487,224	\$ 0	\$ 12,519	\$ 0	\$ 0	\$ 499,743
Total Liabilities	\$ 3,664,907	\$ 29,302,385	\$ 12,519	\$ 450,193	\$ 1,182,887	\$ 34,612,891
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 32,072,615	\$ 0	\$ 14,826,104	\$ 0	\$ 7,432,856	\$ 54,331,575
Deferred Delinquent Property Taxes	646,340	0	298,781	0	149,790	1,094,911
Deferred Leases Receivable from Component Unit	314,175	0	0	0	0	314,175
Other Deferred/Unavailable Revenue	2,265,831	0	0	0	1,923,620	4,189,451
Total Deferred Inflows of Resources	\$ 35,298,961	\$ 0	\$ 15,124,885	\$ 0	\$ 9,506,266	\$ 59,930,112
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory	\$ 49,503	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,503
Prepaid Items	2,770	0	187,119	0	0	189,889
Restricted:						
Restricted for General Government	1,616,357	0	0	0	0	1,616,357
Restricted for General Government - American Rescue Plan Act	13,972	0	0	0	0	13,972
Restricted for Finance	258,689	0	0	0	0	258,689
Restricted for Administration of Justice	411,290	0	0	0	0	411,290
Restricted for Public Safety	126,386	0	0	0	256,198	382,584
Restricted for Public Health and Welfare	216,890	0	0	0	0	216,890
Restricted for Debt Service	0	0	4,188,607	0	0	4,188,607
Restricted for Capital Projects	0	0	0	78,941,396	670,657	79,612,053
Committed:						
Committed for Finance	1,031,353	0	0	0	0	1,031,353

(Continued)

Exhibit C-1

Sullivan County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Other General Government Fund	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (Cont.)</u>						
Committed (Cont.):						
Committed for Public Health and Welfare	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,500,022	\$ 3,500,022
Committed for Other Operations	48,889	0	0	0	0	48,889
Committed for Highways/Public Works	0	0	0	0	8,158,509	8,158,509
Assigned:						
Assigned for General Government	8,725,007	0	0	0	0	8,725,007
Assigned for Finance	163,637	0	0	0	0	163,637
Assigned for Administration of Justice	90,836	0	0	0	0	90,836
Assigned for Public Safety	866,368	0	0	0	0	866,368
Assigned for Public Health and Welfare	13,420	0	0	0	0	13,420
Assigned for Social, Cultural, and Recreational Services	43,249	0	0	0	0	43,249
Unassigned	8,934,372	0	0	0	0	8,934,372
Total Fund Balances	\$ 22,612,988	\$ 0	\$ 4,375,726	\$ 78,941,396	\$ 12,585,386	\$ 118,515,496
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 61,576,856	\$ 29,302,385	\$ 19,513,130	\$ 79,391,589	\$ 23,274,539	\$ 213,058,499

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Sullivan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the statement
of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 118,515,496
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,595,187	
Add: construction in progress	9,284,566	
Add: buildings and improvements net of accumulated depreciation	21,812,389	
Add: infrastructure net of accumulated depreciation	8,068,706	
Add: other capital assets net of accumulated depreciation	<u>12,494,853</u>	54,255,701
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		5,284,362
(3) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		1,220,355
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (321,007)	
Less: other loans payable	(7,940,529)	
Less: bonds payable	(218,730,000)	
Less: nonexchange financial guarantee payable	(1,981,629)	
Add: deferred charge on refunding	189,903	
Less: compensated absences payable	(2,585,255)	
Less: other postemployment benefits liability	(19,694,345)	
Less: accrued interest on notes and bonds	(1,353,089)	
Less: unamortized premium on debt	<u>(11,938,022)</u>	(264,353,973)
(5) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 12,141,502	
Less: deferred inflows of resources related to pensions	(24,886,935)	
Add: deferred outflows of resources related to OPEB	6,959,428	
Less: deferred inflows of resources related to OPEB	<u>(11,422,912)</u>	(17,208,917)
(6) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		<u>29,677,764</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (72,609,212)</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds				Nonmajor Funds	
	General	Other General Government Fund	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 40,602,765	\$ 0	\$ 15,214,182	\$ 0	\$ 10,689,609	\$ 66,506,556
Licenses and Permits	504,490	0	0	0	250,000	754,490
Fines, Forfeitures, and Penalties	578,646	0	0	0	136,415	715,061
Charges for Current Services	2,002,702	0	0	0	7,786,359	9,789,061
Other Local Revenues	248,362	0	710,433	8	510,801	1,469,604
Fees Received From County Officials	7,733,859	0	0	0	0	7,733,859
State of Tennessee	9,472,488	0	0	0	4,926,252	14,398,740
Federal Government	4,406,783	1,469,058	0	0	47,855	5,923,696
Other Governments and Citizens Groups	1,095,411	0	611,332	0	286,573	1,993,316
Total Revenues	\$ 66,645,506	\$ 1,469,058	\$ 16,535,947	\$ 8	\$ 24,633,864	\$ 109,284,383
<u>Expenditures</u>						
Current:						
General Government	\$ 6,324,859	\$ 0	\$ 0	\$ 0	\$ 798	\$ 6,325,657
Finance	6,550,702	0	303,103	0	77,668	6,931,473
Administration of Justice	5,615,607	0	0	0	6,677	5,622,284
Public Safety	30,154,423	0	0	0	146,933	30,301,356
Public Health and Welfare	9,232,953	0	0	0	9,560,988	18,793,941
Social, Cultural, and Recreational Services	1,509,787	0	0	0	0	1,509,787
Agriculture and Natural Resources	230,792	0	0	0	0	230,792
Other Operations	2,536,313	68,504	0	0	0	2,604,817
Highways	0	0	0	0	10,658,879	10,658,879
Instruction	162,347	0	0	0	0	162,347
Debt Service:						
Principal on Debt	617,255	0	11,034,971	0	82,490	11,734,716
Interest on Debt	31,936	0	8,779,381	0	7,510	8,818,827

(Continued)

Exhibit C-3

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Other General Government Fund	General Debt Service	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 0	\$ 0	\$ 185,413	\$ 89,880	\$ 0	\$ 275,293
Capital Projects	1,877	0	0	7,632,619	191,738	7,826,234
Capital Projects - Donated	123,247	0	0	0	0	123,247
Total Expenditures	\$ 63,092,098	\$ 68,504	\$ 20,302,868	\$ 7,722,499	\$ 20,733,681	\$ 111,919,650
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 3,553,408	\$ 1,400,554	\$ (3,766,921)	\$ (7,722,491)	\$ 3,900,183	\$ (2,635,267)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 4,000,000	\$ 0	\$ 4,000,000
Premiums on Debt Sold	0	0	0	20,544	0	20,544
Other Loans Issued	690,579	0	0	0	0	690,579
Insurance Recovery	0	0	0	0	1,843	1,843
Transfers In	1,400,554	0	4,696,908	0	0	6,097,462
Transfers Out	(2,196,908)	(1,400,554)	0	0	(3,500,000)	(7,097,462)
Total Other Financing Sources (Uses)	\$ (105,775)	\$ (1,400,554)	\$ 4,696,908	\$ 4,020,544	\$ (3,498,157)	\$ 3,712,966
Net Change in Fund Balances	\$ 3,447,633	\$ 0	\$ 929,987	\$ (3,701,947)	\$ 402,026	\$ 1,077,699
Fund Balance, July 1, 2021	19,165,355	0	3,445,739	82,643,343	12,183,360	117,437,797
Fund Balance, June 30, 2022	\$ 22,612,988	\$ 0	\$ 4,375,726	\$ 78,941,396	\$ 12,585,386	\$ 118,515,496

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement
of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,077,699
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 10,753,074	
Less: current-year depreciation expense	<u>(3,994,264)</u>	6,758,810
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: net book value of assets disposed		(161,686)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2021	\$ (3,802,624)	
Add: deferred delinquent property taxes and other deferred June 30, 2022	<u>5,284,362</u>	1,481,738
(4) The issuance of long-term debt (e.g., notes, bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: other loan proceeds	\$ (690,579)	
Less: bond proceeds	(4,000,000)	
Add: change in unamortized premium on debt issuances	1,178,742	
Add: principal payments on bonds	9,165,000	
Add: principal payments on notes	160,056	
Add: principal payments on other loans	2,409,660	
Add: change in nonexchange financial guarantee	90,675	
Less: change in deferred charge on refunding debt	<u>(72,313)</u>	8,241,241
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 74,868	
Change in compensated absences payable	2,028	
Change in OPEB liability	5,397,858	
Change in net pension asset - agent plan	22,800,187	
Change in deferred outflows related to pensions	5,956,470	
Change in deferred inflows related to pensions	(24,046,138)	
Change in deferred outflows related to OPEB	(1,547,747)	
Change in deferred inflows related to OPEB	<u>(4,640,823)</u>	3,996,703

(Continued)

Exhibit C-4

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities (Cont.)

- (6) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.

\$ 284,822

Change in net position of governmental activities (Exhibit B)

\$ 21,679,327

The notes to the financial statements are an integral part of this statement.

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 40,602,765	\$ 0	\$ 0	\$ 40,602,765	\$ 39,130,945	\$ 39,140,575	\$ 1,462,190
Licenses and Permits	504,490	0	0	504,490	461,077	461,077	43,413
Fines, Forfeitures, and Penalties	578,646	0	0	578,646	548,583	548,583	30,063
Charges for Current Services	2,002,702	0	0	2,002,702	1,946,625	1,946,625	56,077
Other Local Revenues	248,362	0	0	248,362	709,826	895,826	(647,464)
Fees Received From County Officials	7,733,859	0	0	7,733,859	7,873,604	8,008,604	(274,745)
State of Tennessee	9,472,488	0	0	9,472,488	7,192,997	7,732,312	1,740,176
Federal Government	4,406,783	0	0	4,406,783	12,988,980	13,181,509	(8,774,726)
Other Governments and Citizens Groups	1,095,411	0	0	1,095,411	1,174,874	1,198,680	(103,269)
Total Revenues	\$ 66,645,506	\$ 0	\$ 0	\$ 66,645,506	\$ 72,027,511	\$ 73,113,791	\$ (6,468,285)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 384,720	\$ 0	\$ 4,768	\$ 389,488	\$ 403,161	\$ 403,161	\$ 13,673
County Mayor/Executive	240,966	(300)	0	240,666	252,143	252,143	11,477
County Attorney	233,463	0	35	233,498	257,224	257,224	23,726
Election Commission	1,143,868	0	24,628	1,168,496	628,755	1,322,426	153,930
Register of Deeds	461,557	(4,329)	8,416	465,644	550,312	550,312	84,668
Planning	518,392	(150)	6,634	524,876	551,837	551,837	26,961
County Buildings	2,260,780	(172,587)	461,898	2,550,091	2,980,064	2,980,064	429,973
Other Facilities	136,949	0	0	136,949	207,481	207,481	70,532
Preservation of Records	177,328	(634)	20,024	196,718	189,727	230,727	34,009
Risk Management	766,836	0	2,000	768,836	1,869,118	869,118	100,282
<u>Finance</u>							
Accounting and Budgeting	1,096,926	(275)	2,145	1,098,796	991,305	1,121,305	22,509
Purchasing	684,924	(1,500)	12,365	695,789	718,428	718,428	22,639
Property Assessor's Office	1,636,168	(14,867)	40,425	1,661,726	1,831,293	1,831,293	169,567
County Trustee's Office	505,180	0	30,535	535,715	679,368	679,368	143,653
County Clerk's Office	1,591,057	(1,122)	1,598	1,591,533	1,690,565	1,825,565	234,032
Data Processing	262,575	(128,716)	76,669	210,528	184,361	259,361	48,833

(Continued)

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Other Finance	\$ 773,872	\$ 0	\$ 0	\$ 773,872	\$ 810,000	\$ 810,000	\$ 36,128
<u>Administration of Justice</u>							
Circuit Court Judge	11,222	0	0	11,222	13,350	13,350	2,128
Circuit Court Clerk	1,806,563	(7,719)	9,530	1,808,374	1,910,806	1,881,457	73,083
General Sessions Court	557,193	0	305	557,498	579,217	579,217	21,719
General Sessions Judge	599,644	0	0	599,644	641,010	641,010	41,366
Drug Court	92,659	0	2,592	95,251	27,000	127,000	31,749
Chancery Court	640,563	(3,402)	3,857	641,018	705,542	704,201	63,183
Juvenile Court	780,137	(129)	108	780,116	852,132	852,132	72,016
Juvenile Court Judge	0	0	0	0	3,000	3,000	3,000
District Attorney General	356,942	0	0	356,942	380,053	392,053	35,111
Office of Public Defender	111,520	0	0	111,520	162,655	162,655	51,135
Judicial Commissioners	71,934	0	0	71,934	74,823	74,823	2,889
Other Administration of Justice	50,682	0	4,989	55,671	104,000	104,000	48,329
Courtroom Security	462,481	(7,765)	0	454,716	433,611	533,611	78,895
Victim Assistance Programs	74,067	0	0	74,067	77,539	77,539	3,472
<u>Public Safety</u>							
Sheriff's Department	12,751,997	(183,215)	168,830	12,737,612	13,069,671	13,473,391	735,779
Administration of the Sexual Offender Registry	9,467	(2,480)	164	7,151	10,500	10,500	3,349
Jail	11,562,791	(172,234)	135,412	11,525,969	11,779,410	12,331,979	806,010
Workhouse	102,048	0	0	102,048	113,160	113,160	11,112
Juvenile Services	796,687	0	0	796,687	706,160	869,310	72,623
Fire Prevention and Control	2,010,879	(341,611)	358,692	2,027,960	1,907,961	2,027,960	0
Civil Defense	750,880	(1,596)	4,119	753,403	844,476	845,336	91,933
Rescue Squad	1,363,918	(167,778)	167,778	1,363,918	1,113,224	1,383,705	19,787
Disaster Relief	27,613	0	609	28,222	128,591	33,494	5,272
County Coroner/Medical Examiner	610,576	0	48,982	659,558	609,788	681,688	22,130
Other Public Safety	167,567	(20,854)	67,016	213,729	320,591	320,591	106,862

(Continued)

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 8,513,455	\$ (237,041)	\$ 216,889	\$ 8,493,303	\$ 17,686,524	\$ 17,860,333	\$ 9,367,030
Rabies and Animal Control	487,273	(6,966)	5,570	485,877	548,235	548,235	62,358
Ambulance/Emergency Medical Services	3,300	(11,149)	7,849	0	371,370	120,401	120,401
Other Local Health Services	28,000	0	0	28,000	28,000	28,000	0
Regional Mental Health Center	85,825	0	0	85,825	106,525	106,525	20,700
Aid to Dependent Children	28,550	0	0	28,550	28,550	28,550	0
Other Local Welfare Services	27,750	0	0	27,750	19,500	34,500	6,750
Other Public Health and Welfare	58,800	0	0	58,800	58,800	58,800	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	949,065	(928)	6,858	954,995	931,015	1,122,086	167,091
Parks and Fair Boards	560,722	(400)	3,171	563,493	497,604	625,575	62,082
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	169,270	0	0	169,270	185,525	185,525	16,255
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	60,522	0	0	60,522	109,550	109,550	49,028
<u>Other Operations</u>							
Tourism	12,500	0	0	12,500	12,500	12,500	0
Industrial Development	610,375	0	0	610,375	963,740	1,038,740	428,365
Other Economic and Community Development	18,730	0	0	18,730	168,730	168,730	150,000
Veterans' Services	76,024	(150)	0	75,874	139,023	139,023	63,149
Employee Benefits	184,032	0	0	184,032	384,000	384,000	199,968
American Rescue Plan Act Grant #1	1,386,354	0	0	1,386,354	0	1,386,355	1
Miscellaneous	248,298	0	0	248,298	97,870	286,687	38,389
<u>Instruction</u>							
Career and Technical Education Program	20,678	0	0	20,678	10,339	10,339	(10,339)
Other	141,669	0	0	141,669	196,000	196,000	54,331
<u>Principal on Debt</u>							
General Government	617,255	0	0	617,255	0	617,255	0

(Continued)

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Interest on Debt</u>							
General Government	\$ 31,936	\$ 0	\$ 0	\$ 31,936	\$ 0	\$ 31,936	\$ 0
<u>Other Debt Service</u>							
General Government	0	0	0	0	21,560	21,560	21,560
<u>Capital Projects</u>							
Social, Cultural, and Recreation Projects	1,877	0	0	1,877	996,371	996,371	994,494
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	123,247	0	0	123,247	0	123,247	0
Total Expenditures	<u>\$ 63,092,098</u>	<u>\$ (1,489,897)</u>	<u>\$ 1,905,460</u>	<u>\$ 63,507,661</u>	<u>\$ 74,925,743</u>	<u>\$ 79,348,798</u>	<u>\$ 15,841,137</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,553,408</u>	<u>\$ 1,489,897</u>	<u>\$ (1,905,460)</u>	<u>\$ 3,137,845</u>	<u>\$ (2,898,232)</u>	<u>\$ (6,235,007)</u>	<u>\$ 9,372,852</u>
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 690,579	\$ 0	\$ 0	\$ 690,579	\$ 0	\$ 690,579	\$ 0
Transfers In	1,400,554	0	0	1,400,554	0	1,386,355	14,199
Transfers Out	(2,196,908)	0	0	(2,196,908)	(945,939)	(2,196,908)	0
Total Other Financing Sources	<u>\$ (105,775)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (105,775)</u>	<u>\$ (945,939)</u>	<u>\$ (119,974)</u>	<u>\$ 14,199</u>
Net Change in Fund Balance	\$ 3,447,633	\$ 1,489,897	\$ (1,905,460)	\$ 3,032,070	\$ (3,844,171)	\$ (6,354,981)	\$ 9,387,051
Fund Balance, July 1, 2021	<u>19,165,355</u>	<u>(1,489,897)</u>	<u>0</u>	<u>17,675,458</u>	<u>13,308,419</u>	<u>13,308,419</u>	<u>4,367,039</u>
Fund Balance, June 30, 2022	<u>\$ 22,612,988</u>	<u>\$ 0</u>	<u>\$ (1,905,460)</u>	<u>\$ 20,707,528</u>	<u>\$ 9,464,248</u>	<u>\$ 6,953,438</u>	<u>\$ 13,754,090</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other General Government Special Revenue Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,469,058	\$ 0	\$ 1,469,058	\$ 0	\$ 4,335,286	\$ (2,866,228)
Total Revenues	\$ 1,469,058	\$ 0	\$ 1,469,058	\$ 0	\$ 4,335,286	\$ (2,866,228)
<u>Expenditures</u>						
<u>Other Operations</u>						
American Rescue Plan Act Grant #1	\$ 68,504	\$ 2,866,228	\$ 2,934,732	\$ 0	\$ 2,934,732	\$ 0
Total Expenditures	\$ 68,504	\$ 2,866,228	\$ 2,934,732	\$ 0	\$ 2,934,732	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,400,554	\$ (2,866,228)	\$ (1,465,674)	\$ 0	\$ 1,400,554	\$ (2,866,228)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (1,400,554)	\$ 0	\$ (1,400,554)	\$ 0	\$ (1,400,554)	\$ 0
Total Other Financing Sources	\$ (1,400,554)	\$ 0	\$ (1,400,554)	\$ 0	\$ (1,400,554)	\$ 0
Net Change in Fund Balance	\$ 0	\$ (2,866,228)	\$ (2,866,228)	\$ 0	\$ 0	\$ (2,866,228)
Fund Balance, July 1, 2021	0	0	0	0	0	0
Fund Balance, June 30, 2022	\$ 0	\$ (2,866,228)	\$ (2,866,228)	\$ 0	\$ 0	\$ (2,866,228)

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

Sullivan County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2022

	Governmental Activities
	Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 229,227
Equity in Pooled Cash and Investments	787,082
Accounts Receivable	89
Due from Other Funds	515,441
Due from Component Units	219,228
Total Assets	\$ 1,751,067
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 42,449
Claims and Judgments Payable	488,263
Total Liabilities	\$ 530,712
<u>NET POSITION</u>	
Unrestricted	\$ 1,220,355
Total Net Position	\$ 1,220,355

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

Sullivan County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Governmental Activities
	Internal Service Funds
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 732,647
Cobra Insurance Payments	396
Total Operating Revenues	<u>\$ 733,043</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 27,585
Dental Insurance	264,735
Audit Services	79,675
Liability Insurance	255,761
Vehicle and Equipment Insurance	261
Workers' Compensation Insurance	820,204
Total Operating Expenses	<u>\$ 1,448,221</u>
Operating Income (Loss)	<u>\$ (715,178)</u>
Income (Loss) before Transfers	\$ (715,178)
Transfers In	<u>1,000,000</u>
Change in Net Position	\$ 284,822
Net Position, July 1, 2021	<u>935,533</u>
Net Position, June 30, 2022	<u><u>\$ 1,220,355</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-3

Sullivan County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Governmental Activities Internal Service Funds
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 704,063
Excess Risk Insurance Recovery	226,545
Payments to Insurers and Claims Payments	(1,239,381)
Payments for Administrative Costs	(107,260)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (416,033)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers In	\$ 500,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 500,000</u>
Increase (Decrease) in Cash	\$ 83,967
Cash, July 1, 2021	<u>932,342</u>
Cash, June 30, 2022	<u><u>\$ 1,016,309</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided</u>	
<u>By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (715,178)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Other Receivables (non-transfers)	(28,980)
Increase (Decrease) in Other Current Liabilities (non-transfers)	<u>328,125</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (416,033)</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 229,227
Equity in Pooled Cash and Investments Per Net Position	<u>787,082</u>
Cash, June 30, 2022	<u><u>\$ 1,016,309</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit E-1

Sullivan County, Tennessee
Statement of Net Position
Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 13,695,265
Equity in Pooled Cash and Investments	3,069,769
Accounts Receivable	658
Due from Other Governments	8,725,945
Taxes Receivable	30,730,670
Allowance for Uncollectible Taxes	<u>(786,531)</u>
Total Assets	<u>\$ 55,435,776</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 805
Accrued Payroll	2,262
Payroll Deductions Payable	962
Due to Other Taxing Units	<u>12,131,868</u>
Total Liabilities	<u>\$ 12,135,897</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Current Property Taxes	<u>\$ 29,298,369</u>
Total Deferred Inflows of Resources	<u>\$ 29,298,369</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 14,001,510</u>
Total Net Position	<u><u>\$ 14,001,510</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit E-2

Sullivan County, Tennessee
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 32,832,548
ADA - Educational Funds Collected for Cities	51,867,582
Fines/Fees and Other Collections	33,388,209
Drug Task Force Collections	169,888
District Attorney General Collections	21,618
Total Additions	<u>\$ 118,279,845</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 32,832,548
Payments to City School Systems	51,867,582
Payments to State	23,695,175
Payments to Individuals and Others	6,139,532
Payment of Drug Task Force Expenses	214,660
Payment of District Attorney General Expenses	17,844
Total Deductions	<u>\$ 114,767,341</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ 3,512,504
Net Position, July 1, 2021	<u>10,489,006</u>
Net Position, June 30, 2022	<u><u>\$ 14,001,510</u></u>

The notes to the financial statements are an integral part of this statement.

SULLIVAN COUNTY, TENNESSEE

Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	40
B. Government-wide and Fund Financial Statements	41
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	42
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	45
2. Receivables and Payables	46
3. Inventories and Prepaid Items	48
4. Restricted Assets	48
5. Capital Assets	49
6. Deferred Outflows/Inflows of Resources	49
7. Compensated Absences	50
8. Long-term Debt, Lease Obligations and Long-term Obligations	51
9. Net Position and Fund Balance	51
E. Pension Plans	54
F. Other Postemployment Benefit (OPEB) Plans	54
II. Reconciliation of Government-wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	55
B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities	55
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	55
B. Expenditures Exceeded Appropriations	57
C. Pending Monitoring Report on Use of Federal Grant Funds	57
D. Observation Knob Park is Currently being Investigated	57
IV. Detailed Notes on All Funds	
A. Deposits and Investments	58
B. Lease Receivable	61
C. Capital Assets	62
D. Construction Commitments	65
E. Interfund Receivables, Payables, and Transfers	66
F. Lease Obligations	68
G. Long-term Debt	69
H. Long-term Obligations	75
I. On-Behalf Payments	76
J. Donor-Restricted Endowments	76

(Continued)

SULLIVAN COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

Note	Page(s)
V. Other Information	
A. Risk Management	77
B. Accounting Changes	78
C. Contingent Liabilities	80
D. Joint Ventures	81
E. Jointly Governed Organizations	83
F. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	84
2. Deferred Compensation	101
G. Other Postemployment Benefits (OPEB)	101
H. Termination Benefits	116
I. Office of Central Accounting and Budgeting	117
J. Purchasing Laws	117
K. Subsequent Events	117

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sullivan County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Sullivan County:

A. Reporting Entity

Sullivan County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Sullivan County (the primary government) and its component units. The financial statements of the Sullivan County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Sullivan County School Department operates the public school system in the county, and the voters of Sullivan County elect its board. The school department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The school department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Sullivan County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Sullivan County, and the Sullivan County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Sullivan County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Sullivan County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Sullivan County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Sullivan County Emergency
Communications District
P.O. Box 485
Blountville, TN 37618

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Sullivan County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Sullivan County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Sullivan County issues all debt for the discretely presented Sullivan County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2022. Other significant transactions between the primary government and the school department during the year include: \$611,332 paid from the General Purpose School Fund to the county's General Debt Service Fund as discussed in Note IV.G; \$525,182

paid from the General Purpose School Fund to the county General Fund for School Resource Officers, and \$300,000 billed by the school department to the county's General Fund for non-education use of school facilities.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. Internal service funds are reported with the governmental activities in the government-wide financial statements, and fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Sullivan County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Sullivan County reports two proprietary funds, both internal service funds. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service funds and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are

available. Sullivan County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt, including lease obligations, are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds for the primary government and a private purpose trust fund of the discretely presented school department. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement.

Sullivan County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Other General Government Fund – This special revenue fund accounts for and reports financial resources and expenditures relating to the American Rescue Plan Act.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for financial resources from the issuance of bonds and capital outlay notes to be used for the acquisition or construction/renovation of major capital facilities.

Additionally, Sullivan County reports the following fund types:

Internal Service Funds – The Self-Insurance Fund accounts for the self-insured general liability, property, casualty, and workers' compensation programs managed by the county for the primary government and the discretely presented school department. The Employee Insurance – General Fund accounts for the self-insured retirees' supplemental health and employee dental programs.

Custodial Funds – These funds account for amounts collected in a custodial capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sullivan County, Bristol, Kingsport, and Johnson City school systems' share of educational revenues, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General.

The discretely presented Sullivan County School Department reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the school department. It is used to account for general operations of the school department.

School Federal Projects Fund – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Additionally, the Sullivan County School Department reports the following fund types:

Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations for the school department.

Private-Purpose Trust Fund – The Endowment Fund is used to account for resources legally held in trust to fund student scholarships at a local high school. Interest earned by the fund for a calendar year or five percent of the value of the fund on December 31, whichever is greater, may be expended for scholarships awarded to students.

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The current year (FY 22) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY 21) are presented in this report. We do not believe using the prior year balances will affect the

independent auditor's opinion on the Aggregate Discretely Presented Component Units. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has two proprietary funds. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the county's internal service funds are self-insurance premiums. Operating expenses for the internal service funds include various self-insured insurance program expenses and fiscal agent charges.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

For purposes of the Statement of Cash Flows of the internal service funds, cash includes cash on hand, demand deposits, cash with paying agent, cash equivalents, and cash on deposit with the county trustee. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; the State Treasurer's Intermediate Term Investment Fund; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sullivan County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Sullivan County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or

less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. Sullivan County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value. Other than investments in the pension stabilization trust discussed in Note IV.A, no investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.32 percent of total taxes levied. Ambulance receivables are shown as gross of an allowance for uncollectibles for amounts exceeding 150 days.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Lease receivables are recognized in the governmental funds and government-wide financial statements. At the commencement of a lease, a lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Interest received from the lessee is recognized as revenue when received. Any accumulated interest on June 30 will result in accrued interest receivable in the governmental funds and government-wide financial statements.

Most payables are disaggregated on the face of the financial statements. The balance in the Due to Other Governments account on the Statement of Net Position for the primary government totaling \$29,288,185 represents American Rescue Plan Act funds received in advance. The balance in the Other Current Liabilities account totaling \$499,743 on the Statement of Net Position for the primary government consists of a liability of \$12,519 for amounts held in escrow for the Tri-

Cities Regional Airport, a joint venture discussed in Note V.D., and a liability of \$487,224 for undrafted deposits for health insurance premiums. The balance in the Other Current Liabilities account totaling \$51,328 on the Statement of Net Position for the discretely presented Sullivan County School Department consists of liability amounts held for student meal deposits. Claims and judgments payable are discussed in Note V.A. Risk Management.

Retainage payable in the primary government's Other Capital Projects Fund and the discretely presented school department's General Purpose School and School Federal Projects funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the applicable funds.

3. Inventories and Prepaid Items

Inventories of Sullivan County and the discretely presented Sullivan County School Department are recorded at cost or estimated cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Sullivan County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Sullivan County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Sullivan County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

5. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), and intangible right-to-use assets (e.g. lease assets) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Capital assets are defined by the discretely presented school department as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented school department are depreciated using the straight-line method over the following estimated useful lives. Right-to-use assets are amortized over the shorter of the lease term or useful life.

<u>Assets</u>	<u>Years</u>
Building and Improvements	50
Other Capital Assets	5 - 20
Infrastructure	40
Right-to-Use Assets	16

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, assumptions, and proportion; pension and OPEB contributions after the measurement

date; OPEB changes in experience, assumptions, and proportion; and the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes; deferred lease receivable from component unit; pension changes in experience, investment earnings, and proportion; OPEB changes in experience, assumptions, and proportion; and various receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated Absences

It is the county's and the school department's policy to permit employees to accumulate earned but unused vacation benefits, which will be paid to employees upon separation from service. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the school department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave for the primary government has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The school department allows employees to accumulate earned but unused sick leave, which will be paid to employees upon separation from service at the rate of \$28 per day for one to 100 unused sick days; \$30 per day for 101 to 200 unused sick days; \$32 per day for 201 to 300 unused sick days; and \$34 per day for 301 and above unused sick days. This practice was negotiated by the Board of Education and the local education association. All sick leave is accrued when incurred in the government-wide statements for the school department.

8. Long-term Debt, Lease Obligations and Long-term Obligations

In the government-wide financial statements, long-term debt, lease obligations, and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease obligations are recognized in the government-wide financial statements. At the commencement of a lease, a lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable and lease obligations, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

9. Net Position and Fund Balance

In the government-wide financial statements and the proprietary funds in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$40,653,906 of restricted net position for the primary government, of which \$2,682,892 is restricted by enabling legislation.

As of June 30, 2022, Sullivan County had \$137,362,177 in outstanding debt for capital purposes of the discretely presented Sullivan County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Bristol School System, City of Kingsport School System, and City of Johnson City School System) based on average daily attendance prorations. This debt is a liability of Sullivan County, but the capital assets acquired are reported in the financial statements of the school department, the City of Bristol School System, the City of Kingsport School System, and Johnson City School System. In addition, Sullivan County had outstanding debt totaling \$7,355,000 on June 30, 2022, for capital purposes of a joint venture, the Sullivan County Economic Development Partnership (NETWORKS). This debt is also a liability of Sullivan County, but the capital assets acquired are reported by the Sullivan County Economic Development Partnership. Sullivan County had a nonexchange financial guarantee liability totaling \$1,981,629 on June 30, 2022, for capital purposes of a joint venture, the Tri-Cities Regional Airport. This nonexchange financial guarantee is also reported as a liability of Sullivan County, but the capital assets acquired are reported by the Tri-Cities Regional Airport. Therefore, Sullivan County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the school department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission makes assignments for the general government and the Board of Education makes assignments for the school department. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances of \$1,172,449 and fund balance appropriated for use in the 2022-23 year budget totaling \$8,608,356. Assigned fund balance in the school department's General Purpose School Fund consists of amounts assigned for encumbrances of \$822,675 and fund balance appropriated for use in the 2022-23 year budget totaling \$6,143,150.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned, are reported as negative unassigned fund balance.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Sullivan County's participation in the Public Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Sullivan County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Pension Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Pension Plan of TCRS. Investments are reported at fair value.

Discretely Presented Sullivan County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Sullivan County. For this purpose, Sullivan County recognizes benefit payments when due and payable in accordance with benefit terms. Sullivan County's OPEB plans are not administered through a trust.

Discretely Presented Sullivan County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Sullivan County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plans are not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Sullivan County School Department

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Sullivan County School Department

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund and the school department's Internal School Fund (special revenue funds), which are not budgeted, and certain capital projects funds which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, County Mayor/Executive, County Attorney, Election Commission, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2022, Sullivan County and the discretely presented Sullivan County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Funds:	
General	\$ 1,905,460
Other General Government	2,866,228
Nonmajor Governmental Funds	1,273,361
School Department:	
Major Funds:	
General Purpose School	822,675
School Federal Projects	2,269,239
Nonmajor Governmental Funds	53,346

Due to the recognition of encumbrances as budgetary basis expenditures, the Other General Government Fund of the primary government, and the School Federal Projects fund of the school department reported budgetary basis fund deficits of \$2,866,228 and \$1,188,238, respectively. Those deficits are expected to be liquidated as GAAP basis expenditures are incurred and federal grant revenues are recognized.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission at the major category level (the legal level of control) in the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
Career and Technical Education Program	\$ 10,339
Highway/Public Works:	
Asphalt Plant Operations	19,291
Discretely Presented School Department:	
General Purpose School:	
Regular Capital Outlay	259,940

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the General, Highway/Public Works and General Purpose School Fund.

C. Pending Monitoring Report on Use of Federal Grant Funds

In December 2022, the State of Tennessee Department of Education presented the results of on-site fiscal monitoring of various federal education grants, including the Title I Grants to Local Educational Agencies, Special Educations Cluster, COVID 19- Education Stabilization Fund, Career and Technical Education - Basic Grants to States, and Improving Teacher Quality State Grants. The final report has not been released and the school department is in the process of providing the State Department of Education with management responses and corrective action plans.

When finalized, these monitoring reports may be obtained from the state Department of Education, 710 James Robertson Parkway, Nashville, TN 37243. Any findings resulting from these final reports will be reported in a future annual financial report.

D. Observation Knob Park is Currently being Investigated

Investigations are ongoing of Observation Knob Park by the Comptroller's Division of Investigations. Findings, if any, resulting from this investigation will be included in a subsequent report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Sullivan County and the Sullivan County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of three methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 90 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose fair value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number

(FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2022, Sullivan County had the following investments carried at amortized cost using a Stable Net Asset Value. Separate disclosures concerning pooled investments cannot be made for Sullivan County and the discretely presented Sullivan County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Amortized Cost</u>
State Treasurer's Investment Pool	1 to 44	\$ 83,116,685

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Sullivan County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Sullivan County has no investment policy that would further limit its investment choices. As of June 30, 2022, Sullivan County's investment in the State Treasurer's Investment Pool was unrated.

Further information concerning the legal provisions, investment policies, investment types, and credit risks for the State Treasurer's Investment Pool can be obtained by reviewing the State of Tennessee Annual Comprehensive Financial Report at <https://www.tn.gov/finance/rd-doa/fa-accfin-ar.html>.

TCRS Stabilization Trust

Legal Provisions. The Sullivan County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Sullivan County School Department may not impose any

restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2022, the Sullivan County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Maturities</u>	<u>Fair Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 202,872
Developed Market International Equity	N/A	N/A	91,620
Emerging Market International Equity	N/A	N/A	26,177
U.S. Fixed Income	N/A	N/A	130,885
Real Estate	N/A	N/A	65,443
Short-term Securities	N/A	N/A	6,544
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>130,885</u>
Total			<u><u>\$ 654,426</u></u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2022/ag21066.pdf>.

B. Lease Receivable

On December 3, 1996, Sullivan County entered into a lease agreement with the Sullivan County School Department for the use of a county owned building. As of July 1, 2021, the remaining term was 16 years, and the county will receive annual payments of \$25,000. An initial lease receivable was recorded in the amount of \$339,175 during the current fiscal year. Sullivan County recognized \$25,000 in lease revenue during the current fiscal year related to this lease. The lease receivable was discounted using an annual interest rate of 2.2984 percent. As of June 30, 2022, the lease receivable balance was \$314,175.

The future receipts of the lease receivable include:

Year Ending June 30	Lease Receivable from Component Unit		
	Principal	Interest	Total
2023	\$ 17,779	\$ 7,221	\$ 25,000
2024	18,188	6,812	25,000
2025	18,606	6,394	25,000
2026	19,033	5,967	25,000
2027	19,471	5,529	25,000
2028-2032	104,275	20,725	125,000
2033-2037	116,823	8,177	125,000
Total	<u>\$ 314,175</u>	<u>\$ 60,825</u>	<u>\$ 375,000</u>

C. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-21	Increases	Decreases	Balance 6-30-22
Capital Assets Not Depreciated:				
Land	\$ 1,974,829	\$ 620,358	\$ 0	\$ 2,595,187
Construction in Progress	5,505,622	7,397,968	(3,619,024)	9,284,566
Total Capital Assets Not Depreciated	<u>\$ 7,480,451</u>	<u>\$ 8,018,326</u>	<u>\$ (3,619,024)</u>	<u>\$ 11,879,753</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,627,730	\$ 3,999,295	\$ 0	\$ 39,627,025
Infrastructure	21,158,820	0	0	21,158,820
Other Capital Assets	38,533,684	2,354,477	(2,679,180)	38,208,981
Total Capital Assets Depreciated	<u>\$ 95,320,234</u>	<u>\$ 6,353,772</u>	<u>\$ (2,679,180)</u>	<u>\$ 98,994,826</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,010,903	\$ 803,733	\$ 0	\$ 17,814,636
Infrastructure	12,561,820	528,294	0	13,090,114
Other Capital Assets	25,569,385	2,662,237	(2,517,494)	25,714,128
Total Accumulated Depreciation	<u>\$ 55,142,108</u>	<u>\$ 3,994,264</u>	<u>\$ (2,517,494)</u>	<u>\$ 56,618,878</u>
Total Capital Assets Depreciated, Net	<u>\$ 40,178,126</u>	<u>\$ 2,359,508</u>	<u>\$ (161,686)</u>	<u>\$ 42,375,948</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,658,577</u>	<u>\$ 10,377,834</u>	<u>\$ (3,780,710)</u>	<u>\$ 54,255,701</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 107,286
Administration of Justice	175,183
Public Safety	1,840,199
Public Health and Welfare	620,519
Social, Cultural, and Recreational	31,011
Highways	<u>1,220,066</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,994,264</u>

Net Investment in Capital Assets

Capital Assets (both tangible and intangible)	\$ 54,255,701
Less: Outstanding principal of debt issued for capital purposes	(82,274,359)
Add: Unspent proceeds of debt issued for capital purposes	74,931,341
Less: Unamortized balance of original issue premiums on outstanding debt issued for capital purposes	<u>(6,810,788)</u>
Net Investment in Capital Assets	<u>\$ 40,101,895</u>

Discretely Presented Sullivan County School Department

Governmental Activities:

	Restated Balance 7-1-21*	Increases	Decreases	Balance 6-30-22
Capital Assets Not Depreciated:				
Land	\$ 5,632,003	\$ 301,746	\$ (9,991) (1)	\$ 5,923,758
Construction in Progress	89,079,113	5,874,814	(94,127,789)	826,138
Total Capital Assets Not Depreciated	\$ 94,711,116	\$ 6,176,560	\$ (94,137,780)	\$ 6,749,896
Capital Assets Depreciated:				
Buildings and Improvements	\$ 104,384,704	\$ 93,869,984	\$ (4,450,458) (1)	\$ 193,804,230
Other Capital Assets	8,513,254	1,692,067	(416,434)	9,788,887
Total Capital Assets Depreciated	\$ 112,897,958	\$ 95,562,051	\$ (4,866,892)	\$ 203,593,117
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 58,104,038	\$ 3,518,028	\$ (2,499,762) (1)	\$ 59,122,304
Other Capital Assets	7,580,966	301,339	(372,459)	7,509,846
Total Accumulated Depreciation	\$ 65,685,004	\$ 3,819,367	\$ (2,872,221)	\$ 66,632,150
Total Capital Assets Depreciated, Net	\$ 47,212,954	\$ 91,742,684	\$ (1,994,671)	\$ 136,960,967
Intangible Right-to-Use Assets:				
Leased Buildings	\$ 339,175	0	0	\$ 339,175
Less: Accumulated Amortization	0	25,000	0	25,000
Net Intangible Right-to-Use Assets	\$ 339,175	\$ (25,000)	0	\$ 314,175
Governmental Activities Capital Assets, Net	\$ 142,263,245	\$ 97,894,244	\$ (96,132,451)	\$ 144,025,038

* The balance 7-1-21 has been restated to include \$339,175 of intangible right-to-use assets due to the transition requirements of GASB Statement No. 87.

(1) Decreases to Land, Building and Improvements, and Accumulated Depreciation for Buildings and Improvements, were for the sale and disposal of the Blountville School Complex property.

Depreciation and amortization expense was charged to functions of the discretely presented Sullivan County School Department as follows:

Governmental Activities:

Instruction	\$ 3,497,631
Support Services	260,240
Operation of Non-instructional Services	<u>86,496</u>
Total Depreciation and Amortization Expense	
– Governmental Activities	<u>\$ 3,844,367</u>

D. Construction Commitments**Primary Government**

At June 30, 2022, the General Fund had uncompleted construction contracts of approximately \$34,349 for architectural services related to EMS facility construction and renovation, new Archives facility, and county building renovations. Funding has been provided for these future expenditures.

The Other Capital Projects Fund had uncompleted contracts of approximately \$87,737,698 for jail and EMS facility construction and renovation. Funding for these future expenditures is primarily being provided from bond proceeds and federal grants.

Discretely Presented Sullivan County School Department

At June 30, 2022, the General Purpose School Fund had uncompleted construction contracts of \$752,217 for various projects. The School Federal Projects Fund had uncompleted construction contracts of \$272,554 for HVAC at one school, roof replacement at one school, classroom addition at one school, and various renovation projects. The School Improvement Fund had uncompleted contracts of approximately \$38,803 for school repairs and renovations. The Education Capital Projects Fund had uncompleted construction contracts of approximately \$370,775 for construction and architectural services related to the new middle school and new high school. Funding for the future expenditures in the School Federal Projects Fund is expected to be received from federal grants. Funding for the other future expenditures is being provided from available fund balances.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 464,722
"	Other General Government	14,200
Internal Service	General	500,000
"	Nonmajor governmental	15,441
Nonmajor governmental	General	3,838
Nonmajor governmental	Nonmajor governmental	221
Discretely Presented School Department:		
General Purpose School	School Federal Projects	1,972,313
"	Nonmajor governmental	734,932
School Federal Projects	General Purpose School	178,335
Nonmajor governmental	"	2,952

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Component Unit:	
Nonmajor governmental	School Department:	
Internal Service	General Purpose School	\$ 391,603
	"	28,620
	"	219,228
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	300,000

Interfund Transfers:

Interfund transfers for the year ended June 30, 2022, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Internal Service Fund
General Fund	\$ 0	\$ 1,196,908	\$ 1,000,000
Other General Government	1,400,554		
Nonmajor Governmental Funds	0	3,500,000	0
Total	<u>\$ 1,400,554</u>	<u>\$ 0</u>	<u>\$ 4,696,908</u>

Transfers to the General Fund represent amounts contributed for premium pay and other expenditures related to the American Rescue Plan Act. Transfers to the General Debt Service Fund represent contributions towards debt service principal and interest requirements. Transfers to the Internal Service Fund represent amounts contributed for self-insured general liability, property, and workers compensation claims.

Discretely Presented Sullivan County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School	\$ 0	\$ 656,497
School Federal Projects	61,972	1,087,000
Nonmajor governmental funds	36,022	0
Total	<u>\$ 97,994</u>	<u>\$ 1,743,497</u>

These transfers included \$61,972 for indirect costs, \$36,022 contributed toward debt retirement, \$1,087,000 for revenue loss for the school nutrition program and \$656,497 for capital expenditures.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Lease Obligations

In FY 2022, the county implemented GASB Statement 87, *Leases*, which changed the accounting and reporting for items which were previously reported as capital leases and operating leases. See footnote V.B. – Accounting Changes for details of GASB Statement 87, *Leases*.

Discretely Presented Sullivan County School Department

On December 3, 1996, the school department entered into a lease agreement with Sullivan County for the use of a county owned building for office space. As of July 1, 2021, the remaining term was 16 years, and the school department will make annual payments of \$25,000. An initial lease liability was recorded in the amount of \$339,175 during the current fiscal year. The school department recognized \$25,000 in lease principal expenditures during the current fiscal year related to this lease. The present value of the lease was determined using a discount rate of 2.2984 percent, the same as the county's incremental borrowing rate. As of June 30, 2022, the lease liability balance was \$314,175. This lease asset and accumulated amortization of the right -to-use asset is outlined in Note IV.C.

The future lease payments on this asset lease include:

Year Ending June 30	Lease Payable to Primary Government		
	Principal	Interest	Total
2023	\$ 17,779	\$ 7,221	\$ 25,000
2024	18,188	6,812	25,000
2025	18,606	6,394	25,000
2026	19,033	5,967	25,000
2027	19,471	5,529	25,000
2028-2032	104,275	20,725	125,000
2033-2037	116,823	8,177	125,000
Total	<u>\$ 314,175</u>	<u>\$ 60,825</u>	<u>\$ 375,000</u>

Changes in Lease Obligations

Lease obligation activity for the year ended June 30, 2022, was as follows:

Governmental Activities:

	<u>Leases</u>
Balance, July 1, 2021 - Restated Due to Transition Requirements of GASB Statement No. 87	\$ 339,175
Reductions	<u>(25,000)</u>
Balance, June 30, 2022	<u>\$ 314,175</u>
Balance Due Within One Year	<u>\$ 17,779</u>

Analysis of Noncurrent Liabilities for Lease Obligations to Primary Government Presented on Exhibit A:

Total Noncurrent Liabilities - Lease Obligations to Primary Government, June 30, 2022	\$ 314,175
Less: Balance Due Within One Year - Lease Obligation to Primary Government	<u>(17,779)</u>
Noncurrent Liabilities - Due in More than One Year - Lease Obligations to Primary Government - Exhibit A	<u>\$ 296,396</u>

G. Long-term Debt**Primary Government**

In FY 2022, the county implemented GASB Statement 87, *Leases*, which changed the accounting and reporting for items which were previously reported as capital leases. See footnote V.B. – Accounting Changes for details of GASB Statement 87, *Leases*.

Sullivan County had entered into multiple financed-purchase agreements for computers and servers for the various court offices, and vehicles for the sheriff's department, with the General Fund making the principal and interest payments. Sullivan County had also entered into a financed purchase agreement for dump trucks for the highway department, with the Highway/Public Works Fund making the principal and interest payments. These agreements have been reclassified from capital leases to Other Loans for reporting purposes and are included in the long-term debt disclosures below.

General Obligation Bonds, Notes, Other Loans, and Nonexchange Financial Guarantee

General Obligation Bonds - Sullivan County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In

addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 30 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2022, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Sullivan County issues other loans and capital outlay notes to provide funds for the acquisition and construction of major capital facilities and other capital outlay purchases, such as equipment, for the primary government and the discretely presented school department. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes, and other loans outstanding were issued for original terms of up to eight years for notes and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes, and other loans included in long-term debt as of June 30, 2022, will be retired from the General Fund, Highway/Public Works Fund, and General Debt Service Fund.

Nonexchange Financial Guarantee – Sullivan County has recorded a liability for a proportionate share of outstanding Aerospace Park Bonds issued by the Tri-Cities Airport Authority. The authority is a joint venture discussed in Note V.D. It is considered more likely than not that net revenues will not be generated by the aerospace park project in the foreseeable future. Consequently, it is expected that members of the joint venture will be required to pay this debt of the airport authority based on guaranty agreements entered into by the members. The total amount of bonds issued was \$8,500,000 and Sullivan County's proportionate share of the guarantee is 26.95 percent, or \$2,290,750 of the original principal, plus interest. The bonds mature serially each May 1, ending in 2038. Interest rates vary from 3 percent to 4.5 percent with payments due semi-annually.

General obligation bonds, capital outlay notes, other loans, and nonexchange financial guarantee outstanding as of June 30, 2022, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-22
General Obligation Bonds	1.85 to 5 %	5-1-47	\$ 219,675,000	\$ 206,080,000
General Obligation Bonds - Refunding	2 to 5	4-1-28	31,135,000	12,650,000
Direct Borrowing and Direct Placement:				
Capital Outlay Note	2.65	10-16-23	1,500,000	321,007
Other Loans	0 to 6.5 (1)	8-1-27	27,047,289	7,940,529
Nonexchange Financial Guarantee	3 to 4.5	5-1-38	2,290,750	1,981,629

(1) The effective interest rate for the Qualified School Construction Bonds Other Loan is zero after rebate.

In 2009-10, Sullivan County entered into a loan agreement totaling \$15,480,000 with the Tennessee State School Bond Authority. Qualified School Construction Bonds were issued through the authority, and the proceeds were loaned to Sullivan County and other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee of \$1,290 to the authority. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

During 2010-11, Sullivan County entered into a loan agreement with the Tennessee State School Bond Authority. Under this loan agreement, the authority loaned Sullivan County \$5,073,000 for Emmett Elementary and Holston Complex renovations. This loan is interest free after a rebate. The county pays an annual administrative fee of \$4,058.

In previous years, the county issued refunding bonds totaling \$6,265,000 for the benefit of the Sullivan County Economic Development Partnership (NETWORKS), a joint venture. During the current year, the county issued general obligation Public Improvement bonds totaling \$4,000,000 for the further development and improvement of Partnership Park II. The bonds are general obligation debt of the county. The interlocal agreement, which established the partnership, requires NETWORKS to pay the county an amount equal to the annual principal and interest requirements on the debt issues. In the event revenues of NETWORKS are not sufficient to meet those requirements, the other participating governments in NETWORKS have agreed to pay 49 percent of any such deficiency. During the year, the county paid \$781,284 in principal and interest on this debt. The other participating

government reimbursed the county \$382,829. The county absorbed the remaining \$398,455 of the debt payments. The amount of the refunding and general obligation bonds outstanding at June 30, 2022, was \$3,455,000 and \$3,900,000, respectively.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2022, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	\$ 9,705,000	\$ 7,889,026	\$ 17,594,026
2024	10,235,000	7,421,956	17,656,956
2025	8,660,000	6,927,831	15,587,831
2026	8,510,000	6,512,271	15,022,271
2027	7,825,000	6,126,371	13,951,371
2028-2032	41,405,000	25,766,526	67,171,526
2033-2037	47,840,000	18,694,332	66,534,332
2038-2042	49,305,000	11,304,400	60,609,400
2043-2047	35,245,000	4,106,701	39,351,701
Total	\$ 218,730,000	\$ 94,749,414	\$ 313,479,414

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2023	\$ 164,348	\$ 6,387	\$ 170,735
2024	156,659	2,076	158,735
Total	\$ 321,007	\$ 8,463	\$ 329,470

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2023	\$ 2,022,890	\$ 516,819	\$ 19,539	\$ 2,559,248
2024	1,946,935	501,770	19,538	2,468,243
2025	1,904,731	490,110	19,539	2,414,380
2026	1,597,364	480,931	19,538	2,097,833
2027	438,768	265,483	7,928	712,179
2028	29,841	24,221	1,014	55,076
Total	\$ 7,940,529	\$ 2,279,334	\$ 87,096	\$ 10,306,959

The nonexchange financial guarantee will be retired from the General Debt Service Fund. The amount of the liability reported at June 30, 2022 is management's best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee. The following tables reflect the annual requirements on the outstanding bonds and reconciles those amounts with the liability reflected for nonexchange financial guarantees.

Principal and Interest Requirements on Outstanding Aerospace Park Bonds:

Year Ending June 30	Principal	Interest	Total
2023	\$ 95,000	\$ 69,775	\$ 164,775
2024	95,000	65,500	160,500
2025	100,000	61,225	161,225
2026	105,000	56,725	161,725
2027	110,000	53,575	163,575
2028-2032	605,000	212,663	817,663
2033-2037	705,000	104,287	809,287
2038	155,000	5,619	160,619
Total	<u>\$ 1,970,000</u>	<u>\$ 629,369</u>	<u>\$ 2,599,369</u>

Calculation of Nonexchange Financial Guarantee Liability:

Principal Balance of Outstanding Aerospace Park Bonds, 6-30-22	\$ 1,970,000
Add: Interest Accrued on Bonds	<u>11,629</u>
Nonexchange Financial Guarantee Balance, 6-30-22	<u>\$ 1,981,629</u>

There is \$4,375,726 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,383 based on the 2020 census. Total debt per capita, including bonds, notes, other loans, nonexchange financial guarantee, and unamortized premium on bonds, totaled \$1,523 based on the 2020 federal census.

During the year, the school department contributed \$611,332 to the General Debt Service Fund to be applied toward the retirement of school related debt.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2022, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement (1)
Balance, July 1, 2021	\$ 223,895,000	\$ 481,063	\$ 9,659,610
Additions	4,000,000	0	690,579
Reductions	(9,165,000)	(160,056)	(2,409,660)
Balance, June 30, 2022	<u>\$ 218,730,000</u>	<u>\$ 321,007</u>	<u>\$ 7,940,529</u>
Balance Due Within One Year	<u>\$ 9,705,000</u>	<u>\$ 164,348</u>	<u>\$ 2,022,890</u>

	Nonexchange Financial Guarantee
Balance, July 1, 2021	\$ 2,072,304
Additions	73,150
Reductions	(163,825)
Balance, June 30, 2022	<u>\$ 1,981,629</u>
Balance Due Within One Year	<u>\$ 106,629</u>

(1) The July 1, 2021, balance has been restated to include amounts previously reported as capital lease obligations. This restatement is due to transitional requirements of GASB Statement No. 87.

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2022	\$ 228,973,165
Less: Balance Due Within One Year - Debt	(11,998,867)
Add: Unamortized Premium on Debt	<u>11,938,022</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 228,912,320</u>

H. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2022, was as follows:

Governmental Activities:	Compensated Absences	Other Post- Employment Benefits
Balance, July 1, 2021	\$ 2,587,283	\$ 25,092,203
Additions	3,038,068	2,157,385
Reductions	(3,040,096)	(7,555,243)
Balance, June 30, 2022	<u>\$ 2,585,255</u>	<u>\$ 19,694,345</u>
Balance Due Within One Year	<u>\$ 1,525,301</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2022	\$ 22,279,600
Less: Balance Due Within One Year - Other	<u>(1,525,301)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 20,754,299</u>

Compensated absences and other postemployment benefits will be paid from the employing funds.

Discretely Presented Sullivan County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Sullivan County School Department for the year ended June 30, 2022, was as follows:

Governmental Activities:

	Compensated Absences	Other Post- Employment Benefits
Balance, July 1, 2021	\$ 2,483,780	\$ 56,325,941
Additions	1,393,495	3,500,741
Reductions	(1,497,487)	(13,749,609)
Balance June 30, 2022	\$ 2,379,788	\$ 46,077,073
Balance Due Within One Year	\$ 523,553	\$ 0

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2022	\$ 48,456,861
Less: Balance Due Within One Year - Other	<u>(523,553)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 47,933,308</u>

Compensated absences and other postemployment benefits will be paid from the employing funds.

I. On-Behalf Payments – Discretely Presented Sullivan County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sullivan County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and are reported in the state's Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2022, were \$547,699 and \$104,868, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. Donor-Restricted Endowments – Discretely Presented Sullivan County School Department

The Sullivan County School Department accounts for an endowment in a private purpose trust fund. Interest earned by the fund for a calendar year or five percent of the value of the fund on December 31, whichever is greater, may be expended for scholarships awarded to students of the former Sullivan North High School zone. During the year ended June 30, 2022, expenditures totaled \$5,300. At June 30, 2022, net position of the endowment fund was \$99,695.

V. OTHER INFORMATION

A. Risk Management

Sullivan County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Annual Comprehensive Financial Report for the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The discretely presented Sullivan County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Annual Comprehensive Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Sullivan County established a self-insurance fund for risks associated with general liability, property, casualty losses, and workers' compensation. Both the primary government and the discretely presented Sullivan County School Department participate in this self-insurance fund for the risks listed above. The Self-Insurance Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. Insurance claims are reimbursed from the Highway/Public Works and General Purpose School funds for claims associated with those departments. The county's General Fund absorbs the costs of claims associated with other departments. The county retains the risk of loss to limits of \$50,000 to \$100,000 per individual claim for general liability, property, and casualty losses. The county is self-insured to a limit of \$400,000 for a single accident for workers' compensation. Amounts exceeding these limits are covered by excess loss policies, subject to various policy limits. A fee is paid from this fund to a third-party agent who investigates claims and determines recommended action to be taken.

Sullivan County maintains the Employee Insurance – General Fund (an internal service fund) for self-insured risks associated with the employee dental plan for employees of the primary government.

Liabilities of the self-insurance funds are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. These funds establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been

incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability of unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Self-Insurance Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2020-2021	\$ 255,015	\$ 1,248,313	\$ (1,312,656)	\$ 190,672
2021-2022	190,672	1,076,226	(778,635)	488,263

Current year claims and estimates are presented net of excess risk insurance recovery of \$226,545.

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2020-2021	\$ 0	\$ 292,720	\$ (292,720)	\$ 0
2021-2022	0	264,735	(264,735)	0

The discretely presented Sullivan County School Department settled a lawsuit between the school department and the parent of a student attending Sullivan County Schools on September 21, 2020. Under the settlement order, the school department is required to pay monetary relief totaling \$113,750 in three installments, attorneys' fees and expenses of \$61,250, and compensatory educational relief beginning with the 2020-2021 fiscal year until the 2022-2023 fiscal year totaling up to \$50,000. During the 2021-22 fiscal year, the school department paid the second installment for monetary relief (\$67,917) in accordance with settlement order. Claims and judgements payable totaling \$57,917 have been recognized in the General Purpose School Fund for the school department's remaining liability potential under this settlement order.

B. Accounting Changes

GASB Statement No. 87, *Leases*, became effective for fiscal year ending June 30, 2022. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a

government entity that is a lessee must recognize (1) a lease liability, (2) an intangible asset representing the lessee's right to use the leased asset, (3) report the amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (4) interest expense on the lease liability and (5) note disclosures about the lease. A lessor must recognize (1) a lease receivable (measured at the present value of lease payments expected to be received during the lease term), (2) deferred inflow of resources, (3) interest revenue on the lease receivable and (4) note disclosures of leasing arrangements and the total inflows of resources recognized from leases. This statement provides exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements) and leases with related parties.

GASB Statement No. 92, *Omnibus 2020*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provision about the following:

- The effective date of GASB Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of GASB Statement No. 84 to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

GASB Statement 93, *Replacement of Interbank Offered Rates*, became effective during the year. This statement was necessary due to the eventual ceasing of the London Interbank Offered Rate (LIBOR) and the replacement with another interbank offered rate (IBOR). The objective of this Statement is to address the

accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (except for paragraphs 4 and 5 which became effective in the prior fiscal year) became effective during the year. This Statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). This statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans.

GASB Statement No 98, *The Comprehensive Annual Financial Report*, became effective during the year. This statement replaces the terms comprehensive annual financial report and comprehensive annual financial reports in NCGA and GASB pronouncements with annual comprehensive financial report and annual comprehensive financial reports, respectively. The associated acronyms in NCGA and GASB pronouncements are replaced with ACFR and ACFRs.

C. Contingent Liabilities

The county has received various federal and state grants and other assistance for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. As discussed in Note III.C., the state department of education has conducted monitoring reviews of certain school department grants and the results of that monitoring disclosed instances of noncompliance with policies and procedures applicable to those federal programs. The report has not been released and the school department has until March 2023 to provide management responses and corrective action plans related to the review.

On February 20, 2014, Sullivan County issued \$2,975,000 of Airport Revenue and Tax Refunding Bonds for the Tri-Cities Airport (a joint venture described in Note V.D.). Sullivan County was contingently liable for 20 percent of the principal and interest on these bonds in the event revenues of the Airport Commission were not sufficient to cover the payments. The other governments participating in the joint venture were contingently liable for the remaining 80 percent of the principal and interest requirements. Final maturity for the bonds was scheduled for May 1, 2023. However, Sullivan County retired the remaining outstanding bonds on May 27, 2022, with funds the county held in escrow for the

Tri-Cities Airport in the General Debt Service Fund (\$383,010). After payment of the final bond principal and interest requirements minus fees (\$370,491), a balance of \$12,519 remains in the Other Current Liabilities (escrow) account of the General Debt Service Fund.

On March 29, 2018, Tri-Cities Regional Airport issued bonds in the amount of \$8,500,000. Sullivan County is contingently liable for 26.95 percent of the principal and interest on these bonds in the event pledged revenues of the Airport Authority are not sufficient to cover the payments. Sullivan County has recorded a liability for its share of these Aerospace Park bonds as discussed in Note IV.G.

There are several pending lawsuits in which the county is involved. Management has provided for potential claims and judgments in the financial statements of the self-insurance funds in this report. Based on letters from attorneys, management believes that potential claims not already recorded in the self-insurance funds would not materially affect the financial statements of the county.

D. Joint Ventures

Primary Government

The Tri-Cities Regional Airport is a joint venture in which Sullivan County participates, along with Washington County and the cities of Kingsport; Johnson City; Bristol, Tennessee; and Bristol, Virginia. The airport is governed by a 12-member board (the Tri-Cities Regional Airport Authority) comprising two members appointed by Sullivan County and ten members appointed by the other participating governments. Funding for the airport authority is provided primarily by revenues generated from airport services and by capital grants from the federal and state governments. Complete financial statements for the Tri-Cities Regional Airport can be requested at the following address:

Tri-Cities Regional Airport
2525 Highway 75, Suite 301
Blountville, TN 37617

The Sullivan County Economic Development Partnership (NETWORKS) is a joint venture in which Sullivan County participates, along with the cities of Kingsport, Bristol, and Bluff City. The partnership is governed by a 13-member voting board of directors comprising the four mayors, four members appointed by the Sullivan County mayor, three members appointed by the Kingsport mayor, and two members appointed by the Bristol mayor. Eleven other non-voting ex-officio members also serve on the board. Funding for the NETWORKS is provided primarily by contributions from Sullivan County and the member cities, revenues generated from capital projects and other business activities of the partnership. Complete financial statements for the NETWORKS can be requested at the following address:

Sullivan County Economic
Development Partnership
P.O. Box 426
Blountville, TN 37617

The Second Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Second Judicial District, Sullivan County, and various cities within Sullivan County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriff, and police chiefs of participating law enforcement agencies within each judicial district. Sullivan County made no contributions to the DTF for the year ended June 30, 2022, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

District Attorney General
Second Judicial District
P.O. Box 526
Blountville, TN 37617

The Upper East Tennessee Juvenile Detention Center was formed through a cooperative agreement between Sullivan County and the counties of Carter, Greene, Hawkins, Johnson, Unicoi, and Washington for the operation of a program to divert youth from commitment to the Department of Correction facilities. This program is governed by a board of directors designated by the counties. The board of directors has contracted with ElyJenn Health Services, LLC, to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Sullivan County's participation cost percentage is 31.0 percent. The counties also pay a daily fee for individuals from their counties using the facility. Complete financial statements for the Juvenile Detention Center can be obtained from its administrative office at the following address:

Upper East Tennessee Regional
Juvenile Detention Center
307 Wesley Street
Johnson City, TN 37601

Discretely Presented School Department

The discretely presented school department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Sullivan County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*,

and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee. Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Northeast Tennessee Cooperative
100 East Maple Street
P.O. Box 1517
Johnson City, TN 37605

E. Jointly Governed Organizations

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated, (TCA)*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center, and to further the economy and growth of the region served by the authority by developing, marketing, and promoting facilities for warehousing, distribution, light manufacturing, and agribusiness purposes. The authority is governed by a Board of Directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice-chairman, secretary, and treasurer of the Board of Directors, along with the center manager as an ex-officio member, is in charge of the daily operation of the center.

Sullivan County is a participant in the joint governance of the Northeast Tennessee/Virginia Home Consortium, which administers funds received under the HOME Investment Partnership Act. An interlocal agreement established the consortium between the cities of Bluff City, Bristol, Johnson City and Kingsport, Tennessee; Bristol, Virginia; as well as the counties of Sullivan and Washington, Tennessee. The mayors all represent their respective district. The Bristol, Tennessee mayor serves as Chair of the Governing Board.

Sullivan County is a participant in the joint governance of the Alliance for Business and Training (AB&T) which administers funds received under the Workforce Innovation and Opportunity Act for the Northeast Tennessee Local Workforce Development Area. An interlocal consortium agreement between

Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington counties established the Northeast Tennessee Workforce Development Board and the governing structure of AB&T. The county mayors represent each county in the consortium. The Sullivan County Mayor serves as the chief local elected county official of the consortium by the majority approval of the local elected county officials in the consortium agreement and approves appointments of board members of the workforce development board following a nomination process specified in the agreement. The board has no financial activity but provides oversight for workforce development programs of the Development Area. Those programs are funded by grants passed through the state Department of Labor to AB&T.

Mayors of the participating counties, along with four members jointly appointed by the mayors serve as the governing board of AB&T. The consortium agreement calls for any liability for disallowed costs of the grant programs to be shared by member counties of the consortium based on each county's percent of the population of the local workforce development area. However, that contingent liability is to be mitigated by \$3 million of insurance coverage provided by AB&T to indemnify the counties pursuant to the consortium agreement.

Complete financial information for the Alliance for Business and Training can be obtained from the following address:

Alliance for Business and Training
386 Hwy 91
PO Box 249
Elizabethton, TN 37643

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Sullivan County and non-certified employees of the discretely presented Sullivan County School Department are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 79.95 percent, the non-certified employees of the discretely presented school department comprise 20.05 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the

plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	1,212
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	1,155
Active Employees	1,073
Total	<u><u>3,440</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Sullivan County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For

the year ended June 30, 2022, the employer contribution for Sullivan County was \$2,715,052 based on a rate of 6.07 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sullivan County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Sullivan County's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market

projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	4.88	31
Developed Market		
International Equity	5.37	14
Emerging Market		
International Equity	6.09	4
Private Equity and		
Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	4.38	10
Short-term Securities	0.00	1
Total		100

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Sullivan County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2020	\$ 204,054,066	\$ 212,615,721	\$ (8,561,655)
Changes for the Year:			
Service Cost	\$ 3,328,014	\$ 0	\$ 3,328,014
Interest	14,636,327	0	14,636,327
Differences Between Expected and Actual Experience	(2,016,459)	0	(2,016,459)
Changes in Assumptions	16,005,555	0	16,005,555
Contributions-Employer	0	5,313,477	(5,313,477)
Contributions-Employees	0	1,055,827	(1,055,827)
Net Investment Income	0	54,238,217	(54,238,217)
Benefit Payments, Including Refunds of Employee Contributions	(11,003,413)	(11,003,413)	0
Administrative Expense	0	(95,334)	95,334
Net Changes	\$ 20,950,024	\$ 49,508,774	\$ (28,558,750)
Balance, June 30, 2021	\$ 225,004,090	\$ 262,124,495	\$ (37,120,405)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 79.95%	\$ 179,890,770	\$ 209,568,534	\$ (29,677,764)
School Department 20.05%	45,113,320	52,555,961	(7,442,641)
Total	\$ 225,004,090	\$ 262,124,495	\$ (37,120,405)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Sullivan County calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Sullivan County	5.75%	6.75%	7.75%

Net Pension Liability (Asset) \$ (7,892,377) \$ (37,120,405) \$ (61,288,433)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, Sullivan County recognized pension expense (negative pension expense) of (\$3,153,648).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, Sullivan County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 397,347	\$ 2,210,130
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	28,917,994
Changes in Assumptions	12,004,166	0
Contributions Subsequent to the Measurement Date of June 30, 2021 (1)	2,715,052	N/A
Total	<u>\$ 15,116,565</u>	<u>\$ 31,128,124</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 12,141,502	\$ 24,886,935
School Department	2,975,063	6,241,189
Total	<u>\$ 15,116,565</u>	<u>\$ 31,128,124</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (3,774,005)
2024	(3,789,266)
2025	(3,364,335)
2026	(7,799,004)
2027	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2022, Sullivan County reported a payable of \$170,919 for the outstanding amount of contributions due to the pension plan required at year ended June 30, 2022.

Discretely Presented Sullivan County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Sullivan County and non-certified employees of the discretely presented Sullivan County School Department are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the

TCRS. The primary government employees comprise 79.95 percent and the non-certified employees of the discretely presented school department comprise 20.05 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Sullivan County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three

percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2022, to the Teacher Retirement Plan were \$205,724, which is 2.01 percent of covered payroll. In addition, employer contributions of \$193,389 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2022, the school department reported a liability (asset) of (\$637,191) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2021, the school department's proportion was .588242 percent. The proportion as of June 30, 2020, was .520129 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized pension expense (negative pension expense) of \$78,152.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 11,085	\$ 116,593
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	366,784
Changes in Assumptions	229,829	0
Changes in Proportion of Net Pension Liability (Asset)	37,609	39,637
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	205,724	N/A
Total	\$ 484,247	\$ 523,014

The school department's employer contributions of \$205,724, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (79,791)
2024	(77,784)
2025	(77,212)
2026	(86,441)
2027	11,389
Thereafter	65,347

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	4.88	%	31	%
International Equity Emerging Market	5.37		14	
International Equity Private Equity and Strategic Lending	6.09		4	
U.S. Fixed Income	6.57		20	
Real Estate	1.20		20	
Short-term Securities	4.38		10	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%

Net Pension Liability (Asset) \$ 219,049 \$ (637,191) \$ (1,268,699)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Sullivan County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of

death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Sullivan County School Department for the year ended June 30, 2022, to the Teacher Legacy Pension Plan were \$3,232,994, which is 10.3 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2022, the school department reported a liability (asset) of (\$41,880,388) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2021, the school department's proportion was .970973 percent. The proportion measured at June 30, 2020, was .955552 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized pension expense (negative pension expense) of (\$6,578,316).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 140,741	\$ 3,492,960
Changes in Assumptions	11,189,740	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	33,398,674
Changes in Proportion of Net Pension Liability (Asset)	26,669	92,287
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	3,232,994	N/A
Total	<u>\$ 14,590,144</u>	<u>\$ 36,983,921</u>

The school department's employer contributions of \$3,232,994 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) in net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ (6,099,956)
2024	(5,768,641)
2025	(4,744,834)
2026	(9,013,340)
2027	0
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	4.88	%	31	%
International Equity Emerging Market	5.37		14	
International Equity Private Equity and Strategic Lending	6.09		4	
U.S. Fixed Income	6.57		20	
Real Estate	1.20		20	
Short-term Securities	4.38		10	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%

Net Pension Liability (Asset) \$ (7,453,300) \$ (41,880,388) \$ (70,530,592)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute a minimum of two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$440,068 and teachers contributed \$550,189 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

Sullivan County and the discretely presented Sullivan County School Department provide OPEB benefits to their retirees under various plans. These include OPEB provided through a Medicare supplement plan administered by Blue Cross Blue Shield for the primary government and through state administered public entity risk pools for both the primary government and the discretely presented school department. For reporting purposes the plans are all considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). All of the plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through Medicare Supplement Plan (Primary Government)

Plan Description. Sullivan County participates in a postemployment benefits plan administered by Blue Cross Blue Shield for its post-65 retirees. The plan provides Medicare supplemental insurance coverage.

Benefits Provided. For Medicare eligible retirees, the individual monthly premium was \$89. The county contributes all or a percentage of the monthly premium based on the retiree's date of retirement and years of service at retirement. For post-65 retirees who retired on or before January 1, 2013, the county pays 100% of the premium for retirees with 10 or more years of service. For post-65 retirees who retired after January 1, 2013, the county pays 25% to 100% of the premium based on years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	217
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees Eligible for Benefits	764
Total	<u><u>981</u></u>

Total OPEB Liability

The plan's total OPEB liability of \$10,235,726 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary Increases	3%
Discount Rate	4.09%
Healthcare Cost Trend Rates	4.50%
Retirees share of	Discussed under Benefits Provided
Benefit-related Cost	

The discount rate of 4.09 percent is based on the S&P Municipal Bond 20-year High Grade Index – SAPIHG.

Mortality rates were based on RP-2014 Blue Collar Mortality with Scale MP-2016 projected using generational techniques.

The actuarial assumptions used in the valuation were based on plan data and costs presented by the county with concurrence by the actuary.

Changes in the Total OPEB Liability – As of the Measurement Date

Balance July 1, 2021	\$ 14,068,284
Changes for the Year:	
Service Cost	\$ 973,052
Interest	325,404
Difference between Expected and Actuarial Experience	(1,261,627)
Changes in Assumption and Other Inputs	(3,664,376)
Benefit Payments	(205,011)
Net Changes	<u>\$ (3,832,558)</u>
Balance June 30, 2022	<u>\$ 10,235,726</u>

Changes in Assumptions. The discount rate changed from 2.18 percent as of the valuation date to 4.09 percent as of the measurement date of June 30, 2022. These changes in assumptions decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the county recognized OPEB expense of \$642,467. At June 30, 2022, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 2,527,810
Changes of Assumptions/Inputs	<u>2,055,285</u>	<u>3,140,894</u>
Total	<u>\$ 2,055,285</u>	<u>\$ 5,668,704</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ (655,989)
2024	(655,989)
2025	(655,989)
2026	(466,738)
2027	(474,995)
Thereafter	(703,719)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Discount Rate</u>	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total OPEB Liability	\$ 12,361,111	\$ 10,235,726	\$ 8,568,709

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability calculated using the current healthcare cost trend rate as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Healthcare Cost Trend Rate</u>	1% Decrease 3.5%	Current Trend Rate 4.5%	1% Increase 5.5%
Total OPEB Liability	\$ 8,371,646	\$ 10,235,726	\$ 12,710,683

OPEB Provided through State Administered Public Entity Risk Pools

Pre-65 retirees of the Sullivan County primary government are provided healthcare benefits under the Local Government Plan (LGP). The school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Employees of the school department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare.

The county and school department’s total OPEB liability for each plan was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2021 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	2.16%
Healthcare Cost Trend Rates	LGP and LEP: Based on the Getzen Model, with trend starting 7.36% for pre-65 retirees in the 2022 calendar year, and decreasing annually over a 10 year period to an ultimate trend rate of 4.5% TNM: 7.32% for post-65 retirees in the 2022 calendar year and decreasing annually over a 10 year period to an ultimate rate of 4.5%
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 2.16 percent, based on an average rating of AA/Aa as shown in the Bond Buyer 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertake on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2021, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010

Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables for non-teachers are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% to load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Post-retirement tables for teachers are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 19 to load for males and a 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Changes in Assumptions. The discount rate changed from 2.21 percent as of the beginning of the measurement period to 2.16 percent as of the measurement date of June 30, 2021. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2022 plan year was revised from 9.02 percent to 7.36 percent. The assumed long term inflation rate was changed from 2.1 percent to 2.25 percent.

Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Sullivan County are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits Provided. Sullivan County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *Tennessee Code Annotated (TCA)* 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Sullivan County provides a direct subsidy for retirees with at least 25 years of service and who are at least 55 years of age. The subsidy ranges from \$567 to \$1,220 per month based on coverage selected.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefit Payments	54
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0
Active Employees Eligible for Benefits	716
Total	<u>770</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the current reporting period, the county paid \$475,550 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability – As of the Measurement Date

	<u>Primary Government</u>
Balance July 1, 2020	<u>\$ 11,023,919</u>
Changes for the Year:	
Service Cost	\$ 607,600
Interest	251,329
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	(89,718)
Changes in Assumption and Other Inputs	(1,813,345)
Benefit Payments	<u>(521,166)</u>
Net Changes	<u>\$ (1,565,300)</u>
Balance June 30, 2021	<u>\$ 9,458,619</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the county recognized OPEB expense of \$828,806. At June 30, 2022, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 3,558,068	\$ 3,845,111
Changes of Assumptions/Inputs	870,525	1,909,097
Benefits Paid After the Measurement Date of June 30, 2021	475,550	0
Total	<u>\$ 4,904,143</u>	<u>\$ 5,754,208</u>

The amount shown above for “Benefits Paid After the Measurement Date” will be recognized as a reduction to OPEB liability in the following fiscal period.

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Primary Government
2023	\$ (30,123)
2024	(30,123)
2025	(30,123)
2026	(15,003)
2027	(759,423)
Thereafter	(460,820)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Discount Rate</u>	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 10,191,056	\$ 9,458,619	\$ 8,772,588

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Healthcare Cost Trend Rate</u>	1% Decrease 6.36 to 3.5%	Current Trend Rate 7.36 to 4.5%	1% Increase 8.36 to 5.5%
Total OPEB Liability	\$ 8,486,935	\$ 9,458,619	\$ 10,609,998

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Sullivan County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Sullivan County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Sullivan County School Department provides a direct subsidy ranging from \$256 to \$599 per month toward the cost of insurance for retirees based on retirement date, years of service, and insurance coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefit Payments	160
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0
Active Employees Eligible For Benefits	763
Total	<u>923</u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$1,440,656 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability – As of the Measurement Date

	<u>Share of Collective Liability</u>		<u>Total OPEB Liability</u>
	<u>Sullivan County School Department 72.3573%</u>	<u>State of TN 27.6427%</u>	
Balance July 1, 2020	\$ 19,091,090	\$ 6,557,013	\$ 25,648,103
Changes for the Year:			
Service Cost	\$ 832,753	\$ 318,137	\$ 1,150,890
Interest	413,107	157,820	570,927
Difference between Expected and Actuarial Experience	494,746	189,008	683,754
Changes in Proportion	(532,814)	532,814	0
Changes in Assumption and Other Inputs	(584,418)	(223,266)	(807,684)
Benefit Payments	(1,404,446)	(536,541)	(1,940,987)
Net Changes	\$ (781,072)	\$ 437,972	\$ (343,100)
Balance June 30, 2021	\$ 18,310,018	\$ 6,994,985	\$ 25,305,003

The Sullivan County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Sullivan County School Department's proportionate share of the collective total OPEB Liability was based on a

projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$571,397 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Sullivan County School Department's proportionate share of the collective OPEB Liability was 72.3573 percent and the State of Tennessee's Share was 27.6427 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department recognized OPEB expense of \$1,765,403, including the state's share of the expense. At June 30, 2022, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,140,171	\$ 1,772,542
Changes of Assumptions/Inputs	1,538,058	1,709,624
Changes in Proportion	725,334	1,288,261
Benefits Paid After the Measurement Date of June 30, 2021	<u>1,440,656</u>	<u>0</u>
Total	<u>\$ 5,844,219</u>	<u>\$ 4,770,427</u>

The amount shown above for "Benefits Paid After the Measurement Date" will be recognized as a reduction to OPEB liability in the following fiscal period.

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>School Department</u>
2023	\$ (51,854)
2024	(51,854)
2025	(51,854)
2026	5,752
2027	(105,477)
Thereafter	(111,577)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	1.16%	2.16%	3.16%

Proportionate Share of the Collective Total OPEB Liability	\$ 19,468,116	\$ 18,310,018	\$ 17,195,642

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Curent Rate	1% Increase
	6.36 to 3.5%	7.36 to 4.5%	8.36 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 16,583,816	\$ 18,310,018	\$ 20,322,666

Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Sullivan County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The school department's total OPEB liability for the TNM Plan was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers, noncertified employees, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Sullivan County School Department provides a direct subsidy to retirees who retired before July 1, 2012. The subsidy amounts to \$141 per month for noncertified retirees and \$91 per month for certified retirees. The school department does not provide a direct subsidy to retirees who retired after July 1, 2012. The state, as a governmental nonemployer contributing entity contributes to the premiums of certain eligible retirees (teachers) of local education agencies based on years of service. The State of Tennessee provided a direct subsidy of \$50 for eligible retirees (teachers) with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefit Payments	621
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	177
Active Employees Eligible For Benefits	805
Total	<u>1,603</u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$557,173 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability – As of the Measurement Date

	<u>Share of Collective Liability</u>		
	<u>Sullivan County</u>	<u>State of</u>	
	<u>School Department</u>	<u>TN</u>	<u>Total OPEB</u>
	84.1599%	15.8401%	<u>Liability</u>
Balance July 1, 2020	\$ 37,234,851	\$ 6,996,989	\$ 44,231,840
Changes for the Year:			
Service Cost	\$ 923,709	\$ 173,855	\$ 1,097,564
Interest	836,359	157,415	993,774
Difference between Expected and Actuarial Experience	(1,383,029)	(260,306)	(1,643,335)
Changes in Proportion	(9,377)	9,377	0
Changes in Assumption and Other Inputs	(9,222,363)	(1,735,781)	(10,958,144)
Benefit Payments	(613,095)	(115,393)	(728,488)
Net Changes	<u>\$ (9,467,796)</u>	<u>\$ (1,770,833)</u>	<u>\$ (11,238,629)</u>
Balance June 30, 2021	<u>\$ 27,767,055</u>	<u>\$ 5,226,156</u>	<u>\$ 32,993,211</u>

The Sullivan County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired teachers participating in the TNM. The Sullivan County School Department's proportionate share of the collective total OPEB Liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized revenues \$956,709 for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Sullivan County School Department's proportionate share of the collective OPEB liability for the TNM plan was 84.1599 percent and the State of Tennessee's Share was 15.8401 percent.

OPEB Expense (Negative OPEB Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department recognized negative OPEB expense of (\$21,915), including the state's share of the expenses. At June 30, 2022, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 4,306,626
Changes of Assumptions and Other Inputs	7,912,518	9,503,464
Changes in Proportion	34,894	3,219,207
Benefits Paid After the Measurement Date of June 30, 2021	557,173	0
Total	<u>\$ 8,504,585</u>	<u>\$ 17,029,297</u>

The amount shown above for "Benefits Paid After the Measurement Date" will be recognized as a reduction to OPEB liability in the following fiscal period.

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2023	\$ (2,738,691)
2024	(2,616,200)
2025	(1,476,452)
2026	(1,446,160)
2027	(804,382)
Thereafter	0

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	Current	
	Discount	
1% Decrease	Rate	1% Increase
1.16%	2.16%	3.16%

Proportionate Share of the Collective Total OPEB Liability	\$ 33,480,992	\$ 27,767,055	\$ 23,291,260

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	Curent	
	Rate	
1% Decrease	Rate	1% Increase
6.32 to 3.5%	7.32 to 4.5%	8.32 to 5.5%

Porportionate Share of the Collective Total OPEB Liability	\$ 23,060,318	\$ 27,767,055	\$ 33,973,107

H. Termination Benefits

During the year, the discretely presented Sullivan County School Department paid 33 qualifying individuals a total of \$532,868 for a one-time retirement incentive program. The payments were approved by the board of education during December 2020, conditional upon approval of funding by the county commission in the 2021-2022 school department budget. Budget approval was obtained in July 2021. To qualify employees must have been full time, worked for the Sullivan County School Department for at least 15 years by the end of the 2020-2021 school year, be employed in position requiring teaching licensure, and eligible for service retirement, early service, or 25 year retirement benefit through the Tennessee Consolidated Retirement System.

I. Office of Central Accounting and Budgeting

On July 1, 2021, Sullivan County began implementation of provisions of Chapter 46, Private Acts of 2020. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a finance department operated under the direction of the finance director. This act is required to be fully implemented within two years from when implementation began.

J. Purchasing Laws

The Office of Purchasing Agent was established by Chapter 46, Private Acts of 2020, which is discussed in the preceding note. This statute provides for the purchasing agent to make all purchases and to enter into all contracts for Sullivan County. The county commission has adopted a resolution pursuant to Section 12-3-1212, *Tennessee Code Annotated*, requiring competitive bids on purchases exceeding \$25,000.

K. Subsequent Events

On August 18, 2022, Sullivan County increased its bid limit threshold to \$50,000 pursuant to Section 12-3-1212, *Tennessee Code Annotated*, as amended.

On August 31, 2022, Susan Ramsey left the Office of County Trustee and was succeeded by Angela Taylor, and Katherine Priester left the Office of Clerk and Master and was succeeded by Katherine Jennelle.

On October 20, 2022, Sullivan County approved the sale of Colonial Heights Middle School for \$2,300,000.

On January 24, 2023, Sullivan County issued \$1,550,000 in capital outlay notes for Sheriff Department Vehicles.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Sullivan County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service Cost	\$ 2,831,605	\$ 2,806,297	\$ 2,762,316	\$ 2,909,793	\$ 3,111,626	\$ 3,231,201	\$ 3,251,238	\$ 3,328,014
Interest	11,770,957	12,081,223	12,279,709	12,841,796	13,133,761	13,649,859	14,243,334	14,636,327
Differences Between Actual and Expected Experience	(2,239,987)	(3,669,701)	1,151,421	(1,235,482)	520,288	1,589,385	(1,395,572)	(2,016,459)
Changes in Assumptions	0	0	0	4,414,805	0	0	0	16,005,555
Benefit Payments, Including Refunds of Employee Contributions	(8,067,161)	(8,333,619)	(8,721,095)	(8,971,754)	(9,431,004)	(10,102,285)	(10,506,959)	(11,003,413)
Net Change in Total Pension Liability	\$ 4,295,414	\$ 2,884,200	\$ 7,472,351	\$ 9,959,158	\$ 7,334,671	\$ 8,368,160	\$ 5,592,041	\$ 20,950,024
Total Pension Liability, Beginning	158,148,071	162,443,485	165,327,685	172,800,036	182,759,194	190,093,865	198,462,025	204,054,066
Total Pension Liability, Ending (a)	\$ 162,443,485	\$ 165,327,685	\$ 172,800,036	\$ 182,759,194	\$ 190,093,865	\$ 198,462,025	\$ 204,054,066	\$ 225,004,090
Plan Fiduciary Net Position								
Contributions - Employer	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734	\$ 5,804,426	\$ 6,108,827	\$ 6,250,729	\$ 5,215,093	\$ 5,313,477
Contributions - Employee	181,889	314,187	411,340	552,979	686,023	825,252	954,131	1,055,827
Net Investment Income	23,440,229	4,990,588	4,355,091	18,784,625	15,094,052	14,445,869	10,152,275	54,238,217
Benefit Payments, Including Refunds of Employee Contributions	(8,067,161)	(8,333,619)	(8,721,095)	(8,971,754)	(9,431,004)	(10,102,285)	(10,506,959)	(11,003,413)
Administrative Expense	(46,764)	(54,252)	(80,776)	(87,757)	(99,330)	(93,903)	(93,939)	(95,334)
Other	0	0	0	13,231	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 20,609,259	\$ 2,189,132	\$ 1,488,294	\$ 16,095,750	\$ 12,358,568	\$ 11,325,662	\$ 5,720,601	\$ 49,508,774
Plan Fiduciary Net Position, Beginning	142,828,455	163,437,714	165,626,846	167,115,140	183,210,890	195,569,458	206,895,120	212,615,721
Plan Fiduciary Net Position, Ending (b)	\$ 163,437,714	\$ 165,626,846	\$ 167,115,140	\$ 183,210,890	\$ 195,569,458	\$ 206,895,120	\$ 212,615,721	\$ 262,124,495
Net Pension Liability (Asset), Ending (a - b)	\$ (994,229)	\$ (299,161)	\$ 5,684,896	\$ (451,696)	\$ (5,475,593)	\$ (8,433,095)	\$ (8,561,655)	\$ (37,120,405)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.61%	100.18%	96.71%	100.25%	102.88%	104.25%	104.20%	116.50%
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,615,606	\$ 37,303,498	\$ 39,259,816	\$ 40,145,966	\$ 41,497,832	\$ 42,198,008
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(2.93)%	(0.88)%	15.96%	(1.21)%	(13.95)%	(21.01)%	(20.63)%	(87.97)%

Note 1: Ten years of data will be presented when available.

Note 2: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-2

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734	\$ 5,804,426	\$ 6,108,827	\$ 6,250,729	\$ 5,215,093	\$ 5,313,477	\$ 2,715,052
Less: Contributions in Relation to the Actuarially Determined Contribution	(5,101,066)	(5,272,228)	(5,523,734)	(5,804,426)	(6,108,827)	(6,250,729)	(5,215,093)	(5,313,477)	(2,715,052)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,615,606	\$ 37,303,498	\$ 39,259,816	\$ 40,145,966	\$ 41,497,832	\$ 42,198,008	\$ 44,928,984
Contributions as a Percentage of Covered Payroll	15.01%	15.54%	15.51%	15.56%	15.56%	15.57%	12.57%	12.59%	6.07%

Note 1: Ten years of data will be presented when available.

Note 2: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-3

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 85,668	\$ 112,024	\$ 164,636	\$ 185,741	\$ 113,586	\$ 133,241	\$ 171,491	\$ 205,724
Less: Contributions in Relation to the Contractually Required Contribution	(85,668)	(112,024)	(164,636)	(185,741)	(113,586)	(133,241)	(171,491)	(205,724)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 2,141,724	\$ 2,800,606	\$ 4,119,746	\$ 4,643,519	\$ 5,883,347	\$ 6,528,341	\$ 8,489,592	\$ 10,234,967
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.93%	2.03%	2.02%	2.01%

Note 1: Ten years of data will be presented when available.

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust.
2019: Pension - 1.94%, SRT - 2.02%
2020: Pension - 2.03%, SRT - 1.97%
2021: Pension - 2.02%, SRT - 1.98%
2022: Pension - 2.01%, SRT - 1.99%

Exhibit F-4

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2021
Contractually Required Contribution	\$ 3,498,250	\$ 3,295,803	\$ 3,340,997	\$ 3,193,092	\$ 3,105,091	\$ 3,412,056	\$ 3,380,682	\$ 3,272,945	\$ 3,232,994
Less: Contributions in Relation to the Contractually Required Contribution	(3,498,250)	(3,295,803)	(3,340,997)	(3,193,092)	(3,105,091)	(3,412,056)	(3,380,682)	(3,272,945)	(3,232,994)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928	\$ 35,317,964	\$ 34,176,999	\$ 32,635,697	\$ 31,803,254	\$ 31,862,562	\$ 31,388,294
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.09%	10.45%	10.63%	10.27%	10.30%

Note: Ten years of data will be presented when available.

Exhibit F-5

Sullivan County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Retirement Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	1.030791%	0.636495%	0.627100%	0.531369%	0.553292%	0.520129%	0.588242%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (41,468)	\$ (66,261)	\$ (165,450)	\$ (240,991)	\$ (312,326)	\$ (295,767)	\$ (637,191)
Covered Payroll	\$ 2,141,724	\$ 2,800,606	\$ 4,119,746	\$ 4,643,519	\$ 5,883,347	\$ 6,528,341	\$ 8,489,592
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.31)%	(4.53)%	(7.51)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%

Note: Ten years of data will be precented when available.

Exhibit F-6

Sullivan County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	1.003689%	0.973901%	1.023823%	0.999217%	0.976591%	0.972820%	0.955552%	0.970973%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (163,095)	\$ 398,943	\$ 6,398,324	\$ (326,927)	\$ (3,436,541)	\$ (10,002,338)	\$ (7,286,785)	\$ (41,880,388)
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928	\$ 35,317,964	\$ 34,176,999	\$ 32,635,697	\$ 31,803,254	\$ 31,862,562
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.06)%	(30.65)%	(22.91)%	(131.44)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%

Note: Ten years of data will be presented when available.

Sullivan County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plan
Primary Government
For the Fiscal Year Ended June 30

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 674,447	\$ 616,388	\$ 406,514	\$ 595,804	\$ 607,600
Interest	388,266	466,207	236,743	458,784	251,329
Changes in Benefit Terms	0	(195,447)	0	(3,125,910)	0
Differences Between Actual and Expected Experience	0	(6,555,370)	6,161,534	(87,455)	(89,718)
Changes in Assumptions or Other Inputs	(665,298)	(105,484)	188,228	1,064,144	(1,813,345)
Benefit Payments	(527,853)	(553,006)	(596,842)	(706,738)	(521,166)
Net Change in Total OPEB Liability	\$ (130,438)	\$ (6,326,712)	\$ 6,396,177	\$ (1,801,371)	\$ (1,565,300)
Total OPEB Liability, Beginning	12,886,263	12,755,825	6,429,113	12,825,290	11,023,919
Total OPEB Liability, Ending	\$ 12,755,825	\$ 6,429,113	\$ 12,825,290	\$ 11,023,919	\$ 9,458,619
Covered Employee Payroll	\$ 29,584,358	\$ 31,066,331	\$ 32,783,306	\$ 32,453,034	\$ 39,373,767
Net OPEB Liability as a Percentage of Covered Employee Payroll	43.12%	20.69%	39.12%	33.97%	24.02%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

2019 plan year	- from 5.4% to 6.75%
2020 plan year	- from 6.75% to 6.03%
2021 plan year	- from 6.03% to 9.02%
2022 plan year	- from 9.02% to 7.36%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Note 4: Changes in benefit terms in 2020 were due to new subsidy amounts being provided to the actuary.

Exhibit F-8

Sullivan County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Medicare Supplement Plan
Primary Government
For the Fiscal Year Ended June 30

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service Cost	\$ 53,667	\$ 55,277	\$ 712,318	\$ 755,238	\$ 973,052
Interest	269,599	212,962	330,746	336,203	325,404
Differences Between Actual and Expected Experience	(1,814,613)	0	(1,303,852)	0	(1,261,627)
Changes in Assumptions or Other Inputs	0	0	1,595,442	1,601,045	(3,664,376)
Benefit Payments	(247,972)	(302,641)	(166,058)	(187,758)	(205,011)
Net Change in Total OPEB Liability	\$ (1,739,319)	\$ (34,402)	\$ 1,168,596	\$ 2,504,728	\$ (3,832,558)
Total OPEB Liability, Beginning	8,932,964	7,193,645	7,159,243	11,563,556	14,068,284
Prior-period Adjustment	0	0	3,235,717	0	0
Total OPEB Liability, Ending	\$ 7,193,645	\$ 7,159,243	\$ 11,563,556	\$ 14,068,284	\$ 10,235,726
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2017	3.00%
2018	3.00%
2019	3.00%
2020	2.75%
2021	2.18%
2022	4.09%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2019 plan - 6.0%
For the 2020 plan - from 6.0% to 4.5%
For the 2021 plan - 4.5%
For the 2022 plan - 4.5%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-9

Sullivan County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 1,381,882	\$ 1,286,273	\$ 1,402,716	\$ 1,028,435	\$ 1,150,890
Interest	887,727	1,027,885	1,069,766	896,738	570,927
Changes in Benefit Terms	0	(4,787,153)	(500,918)	0	0
Differences Between Actual and Expected Experience	0	4,430,982	(1,596,334)	(2,025,337)	683,754
Changes in Assumptions or Other Inputs	(1,114,613)	930,622	(1,981,383)	2,244,484	(807,684)
Benefit Payments	(2,535,201)	(2,640,476)	(2,030,934)	(2,014,392)	(1,940,987)
Net Change in Total OPEB Liability	\$ (1,380,205)	\$ 248,133	\$ (3,637,087)	\$ 129,928	\$ (343,100)
Total OPEB Liability, Beginning	30,287,334	28,907,129	29,155,262	25,518,175	25,648,103
Total OPEB Liability, Ending	<u>\$ 28,907,129</u>	<u>\$ 29,155,262</u>	<u>\$ 25,518,175</u>	<u>\$ 25,648,103</u>	<u>\$ 25,305,003</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 7,281,908	\$ 6,031,582	\$ 6,042,217	\$ 6,557,103	\$ 6,994,985
Employer Proportionate Share of the Total OPEB Liability	21,625,221	23,123,680	19,475,958	19,091,090	18,310,018
Covered Employee Payroll	\$ 51,009,548	\$ 51,286,184	\$ 50,914,137	\$ 50,952,301	\$ 53,844,166
Net OPEB Liability as a Percentage of Covered Employee Payroll	42.39%	45.09%	38.25%	37.47%	34.01%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

2019 plan year	- from 5.4% to 6.75%
2020 plan year	- from 6.75% to 6.03%
2021 plan year	- from 6.03% to 9.02%
2022 plan year	- from 9.02% to 7.36%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-10

Sullivan County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 2,726,590	\$ 2,209,974	\$ 2,062,040	\$ 1,458,304	\$ 1,097,564
Interest	1,535,988	1,783,198	1,762,402	1,778,747	993,774
Change in Benefit Terms	0	0	0	(17,602,147)	0
Differences Between Actual and Expected Experience	0	(1,727,090)	(3,900,724)	(1,997,606)	(1,643,335)
Changes in Assumptions or Other Inputs	(5,404,726)	(2,627,201)	3,624,992	11,865,675	(10,958,144)
Benefit Payments	(844,602)	(862,842)	(936,766)	(970,406)	(728,488)
Net Change in Total OPEB Liability	\$ (1,986,750)	\$ (1,223,961)	\$ 2,611,944	\$ (5,467,433)	\$ (11,238,629)
Total OPEB Liability, Beginning	50,298,040	48,311,290	47,087,329	49,699,273	44,231,840
Total OPEB Liability, Ending	<u>\$ 48,311,290</u>	<u>\$ 47,087,329</u>	<u>\$ 49,699,273</u>	<u>\$ 44,231,840</u>	<u>\$ 32,993,211</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 2,661,131	\$ 2,524,775	\$ 5,469,404	\$ 6,996,989	\$ 5,226,156
Employer Proportionate Share of the Total OPEB Liability	45,650,159	44,562,554	44,229,869	37,234,851	27,767,055
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Note 4: Changes in benefit terms in 2020 were due to the clarification of eligibility rules. Previously, support staff and teachers were considered eligible for the full premium with 15 years with Sullivan County. It was confirmed in 2020 that for support staff to be eligible, they must be age 55 with 25 years of service, with at least 15 of those years with Sullivan County. For teachers, 30 years is required, with at least 15 of those years with Sullivan County.

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.25%

Changes of Assumptions: In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified the mortality assumptions.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions relating to the county’s trash collection and waste disposal.

Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions relating to emergency medical services.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for transactions of the county’s highway department.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total
<u>ASSETS</u>						
Cash	\$ 29,207	\$ 199,484	\$ 0	\$ 213,556	\$ 141,379	\$ 583,626
Equity in Pooled Cash and Investments	1,407,013	1,920,324	256,198	0	7,498,646	11,082,181
Accounts Receivable	108,200	2,725,547	0	153,078	85,504	3,072,329
Allowance for Uncollectibles	0	(781,147)	0	0	0	(781,147)
Due from Other Governments	11,447	0	0	0	1,013,039	1,024,486
Due from Other Funds	4,059	0	0	0	0	4,059
Due from Component Units	13,249	0	0	0	15,371	28,620
Property Taxes Receivable	817,011	0	0	0	3,115,720	3,932,731
Allowance for Uncollectible Property Taxes	(20,910)	0	0	0	(79,745)	(100,655)
Total Assets	<u>\$ 2,369,276</u>	<u>\$ 4,064,208</u>	<u>\$ 256,198</u>	<u>\$ 366,634</u>	<u>\$ 11,789,914</u>	<u>\$ 18,846,230</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 5,194	\$ 94,060	\$ 0	\$ 0	\$ 907	\$ 100,161
Accrued Payroll	40,726	283,002	0	0	206,379	530,107
Payroll Deductions Payable	4,694	37,382	0	0	30,159	72,235
Due to Other Funds	1,727	105,191	0	366,634	6,832	480,384
Total Liabilities	<u>\$ 52,341</u>	<u>\$ 519,635</u>	<u>\$ 0</u>	<u>\$ 366,634</u>	<u>\$ 244,277</u>	<u>\$ 1,182,887</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 778,932	\$ 0	\$ 0	\$ 0	\$ 2,970,502	\$ 3,749,434
Deferred Delinquent Property Taxes	15,698	0	0	0	59,862	75,560

(Continued)

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total
DEFERRED INFLOWS OF RESOURCES (Cont.)						
Other Deferred/Unavailable Revenue	\$ 0	\$ 1,566,856	\$ 0	\$ 0	\$ 356,764	\$ 1,923,620
Total Deferred Inflows of Resources	\$ 794,630	\$ 1,566,856	\$ 0	\$ 0	\$ 3,387,128	\$ 5,748,614
FUND BALANCES						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 0	\$ 256,198	\$ 0	\$ 0	\$ 256,198
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Public Health and Welfare	1,522,305	1,977,717	0	0	0	3,500,022
Committed for Highways/Public Works	0	0	0	0	8,158,509	8,158,509
Total Fund Balances	\$ 1,522,305	\$ 1,977,717	\$ 256,198	\$ 0	\$ 8,158,509	\$ 11,914,729
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,369,276	\$ 4,064,208	\$ 256,198	\$ 366,634	\$ 11,789,914	\$ 18,846,230

(Continued)

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Capital Projects Fund		Total Nonmajor Governmental Funds	
	General Capital Projects			
<u>ASSETS</u>				
Cash	\$	0	\$	583,626
Equity in Pooled Cash and Investments		663,700		11,745,881
Accounts Receivable		0		3,072,329
Allowance for Uncollectibles		0		(781,147)
Due from Other Governments		0		1,024,486
Due from Other Funds		0		4,059
Due from Component Units		0		28,620
Property Taxes Receivable		3,863,493		7,796,224
Allowance for Uncollectible Property Taxes		(98,884)		(199,539)
Total Assets	\$	4,428,309	\$	23,274,539
<u>LIABILITIES</u>				
Accounts Payable	\$	0	\$	100,161
Accrued Payroll		0		530,107
Payroll Deductions Payable		0		72,235
Due to Other Funds		0		480,384
Total Liabilities	\$	0	\$	1,182,887
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$	3,683,422	\$	7,432,856
Deferred Delinquent Property Taxes		74,230		149,790

(Continued)

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>		
Other Deferred/Unavailable Revenue	\$ 0	\$ 1,923,620
Total Deferred Inflows of Resources	<u>\$ 3,757,652</u>	<u>\$ 9,506,266</u>
<u>FUND BALANCES</u>		
Restricted:		
Restricted for Public Safety	\$ 0	\$ 256,198
Restricted for Capital Projects	670,657	670,657
Committed:		
Committed for Public Health and Welfare	0	3,500,022
Committed for Highways/Public Works	0	8,158,509
Total Fund Balances	<u>\$ 670,657</u>	<u>\$ 12,585,386</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,428,309</u>	<u>\$ 23,274,539</u>

Exhibit G-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds						
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	
<u>Revenues</u>							
Local Taxes	\$ 794,446	\$ 0	\$ 0	\$ 0	\$ 6,132,186	\$ 6,926,632	
Licenses and Permits	0	0	0	0	250,000	250,000	
Fines, Forfeitures, and Penalties	0	0	136,415	0	0	136,415	
Charges for Current Services	359,841	7,415,331	0	11,187	0	7,786,359	
Other Local Revenues	464,524	5,102	0	0	41,175	510,801	
State of Tennessee	168,506	453,051	0	0	4,304,695	4,926,252	
Federal Government	0	37,406	1,004	0	9,445	47,855	
Other Governments and Citizens Groups	101,493	2,196	0	0	182,884	286,573	
Total Revenues	\$ 1,888,810	\$ 7,913,086	\$ 137,419	\$ 11,187	\$ 10,920,385	\$ 20,870,887	
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 798	\$ 0	\$ 798	
Finance	0	0	0	2,853	0	2,853	
Administration of Justice	0	0	0	6,677	0	6,677	
Public Safety	0	0	146,074	859	0	146,933	
Public Health and Welfare	1,677,965	7,883,023	0	0	0	9,560,988	
Highways	0	0	0	0	10,658,879	10,658,879	
Debt Service:							
Principal on Debt	0	0	0	0	82,490	82,490	
Interest on Debt	0	0	0	0	7,510	7,510	
Capital Projects	0	0	0	0	191,738	191,738	
Total Expenditures	\$ 1,677,965	\$ 7,883,023	\$ 146,074	\$ 11,187	\$ 10,940,617	\$ 20,658,866	
Excess (Deficiency) of Revenues Over Expenditures	\$ 210,845	\$ 30,063	\$ (8,655)	\$ 0	\$ (20,232)	\$ 212,021	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 1,843	\$ 0	\$ 0	\$ 0	\$ 1,843	
Transfers Out	0	0	0	0	0	0	
Total Other Financing Sources (Uses)	\$ 0	\$ 1,843	\$ 0	\$ 0	\$ 0	\$ 1,843	
Net Change in Fund Balances	\$ 210,845	\$ 31,906	\$ (8,655)	\$ 0	\$ (20,232)	\$ 213,864	
Fund Balance, July 1, 2021	1,311,460	1,945,811	264,853	0	8,178,741	11,700,865	
Fund Balance, June 30, 2022	\$ 1,522,305	\$ 1,977,717	\$ 256,198	\$ 0	\$ 8,158,509	\$ 11,914,729	

(Continued)

Exhibit G-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	Capital Projects Fund		Total Nonmajor Governmental Funds	
	General Capital Projects			
<u>Revenues</u>				
Local Taxes	\$ 3,762,977	\$	10,689,609	
Licenses and Permits	0		250,000	
Fines, Forfeitures, and Penalties	0		136,415	
Charges for Current Services	0		7,786,359	
Other Local Revenues	0		510,801	
State of Tennessee	0		4,926,252	
Federal Government	0		47,855	
Other Governments and Citizens Groups	0		286,573	
Total Revenues	<u>\$ 3,762,977</u>	<u>\$</u>	<u>24,633,864</u>	
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$	798	
Finance	74,815		77,668	
Administration of Justice	0		6,677	
Public Safety	0		146,933	
Public Health and Welfare	0		9,560,988	
Highways	0		10,658,879	
Debt Service:				
Principal on Debt	0		82,490	
Interest on Debt	0		7,510	
Capital Projects	0		191,738	
Total Expenditures	<u>\$ 74,815</u>	<u>\$</u>	<u>20,733,681</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,688,162</u>	<u>\$</u>	<u>3,900,183</u>	
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$	1,843	
Transfers Out	(3,500,000)		(3,500,000)	
Total Other Financing Sources (Uses)	<u>\$ (3,500,000)</u>	<u>\$</u>	<u>(3,498,157)</u>	
Net Change in Fund Balances	\$ 188,162	\$	402,026	
Fund Balance, July 1, 2021	<u>482,495</u>		<u>12,183,360</u>	
Fund Balance, June 30, 2022	<u>\$ 670,657</u>	<u>\$</u>	<u>12,585,386</u>	

Exhibit G-3

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 794,446	\$ 0	\$ 0	\$ 794,446	\$ 775,915	\$ 775,915	\$ 18,531
Charges for Current Services	359,841	0	0	359,841	325,000	325,000	34,841
Other Local Revenues	464,524	0	0	464,524	140,000	220,000	244,524
State of Tennessee	168,506	0	0	168,506	168,120	168,120	386
Other Governments and Citizens Groups	101,493	0	0	101,493	100,000	100,000	1,493
Total Revenues	<u>\$ 1,888,810</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,888,810</u>	<u>\$ 1,509,035</u>	<u>\$ 1,589,035</u>	<u>\$ 299,775</u>
<u>Expenditures</u>							
Public Health and Welfare							
Sanitation Education/Information	\$ 3,948	\$ 0	\$ 0	\$ 3,948	\$ 26,000	\$ 26,000	\$ 22,052
Transfer Stations	1,674,017	(586)	384,257	2,057,688	1,941,409	2,303,067	245,379
Total Expenditures	<u>\$ 1,677,965</u>	<u>\$ (586)</u>	<u>\$ 384,257</u>	<u>\$ 2,061,636</u>	<u>\$ 1,967,409</u>	<u>\$ 2,329,067</u>	<u>\$ 267,431</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 210,845</u>	<u>\$ 586</u>	<u>\$ (384,257)</u>	<u>\$ (172,826)</u>	<u>\$ (458,374)</u>	<u>\$ (740,032)</u>	<u>\$ 567,206</u>
Net Change in Fund Balance	\$ 210,845	586	(384,257)	(172,826)	(458,374)	(740,032)	567,206
Fund Balance, July 1, 2021	<u>1,311,460</u>	<u>(586)</u>	<u>0</u>	<u>1,310,874</u>	<u>1,360,000</u>	<u>1,360,000</u>	<u>(49,126)</u>
Fund Balance, June 30, 2022	<u><u>\$ 1,522,305</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (384,257)</u></u>	<u><u>\$ 1,138,048</u></u>	<u><u>\$ 901,626</u></u>	<u><u>\$ 619,968</u></u>	<u><u>\$ 518,080</u></u>

Exhibit G-4

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 7,415,331	\$ 0	\$ 0	\$ 7,415,331	\$ 7,415,331	\$ 7,415,331	\$ 0
Other Local Revenues	5,102	0	0	5,102	1,500	1,500	3,602
State of Tennessee	453,051	0	0	453,051	300,000	375,000	78,051
Federal Government	37,406	0	0	37,406	0	0	37,406
Other Governments and Citizens Groups	2,196	0	0	2,196	10,000	10,000	(7,804)
Total Revenues	<u>\$ 7,913,086</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,913,086</u>	<u>\$ 7,726,831</u>	<u>\$ 7,801,831</u>	<u>\$ 111,255</u>
<u>Expenditures</u>							
Public Health and Welfare							
Ambulance/Emergency Medical Services	\$ 7,883,023	\$ (56,817)	\$ 202,557	\$ 8,028,763	\$ 8,500,199	\$ 8,575,199	\$ 546,436
Total Expenditures	<u>\$ 7,883,023</u>	<u>\$ (56,817)</u>	<u>\$ 202,557</u>	<u>\$ 8,028,763</u>	<u>\$ 8,500,199</u>	<u>\$ 8,575,199</u>	<u>\$ 546,436</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,063</u>	<u>\$ 56,817</u>	<u>\$ (202,557)</u>	<u>\$ (115,677)</u>	<u>\$ (773,368)</u>	<u>\$ (773,368)</u>	<u>\$ 657,691</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,843	\$ 0	\$ 0	\$ 1,843	\$ 0	\$ 0	\$ 1,843
Total Other Financing Sources	<u>\$ 1,843</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,843</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,843</u>
Net Change in Fund Balance	\$ 31,906	\$ 56,817	\$ (202,557)	\$ (113,834)	\$ (773,368)	\$ (773,368)	\$ 659,534
Fund Balance, July 1, 2021	<u>1,945,811</u>	<u>(56,817)</u>	<u>0</u>	<u>1,888,994</u>	<u>1,451,160</u>	<u>1,451,160</u>	<u>437,834</u>
Fund Balance, June 30, 2022	<u>\$ 1,977,717</u>	<u>\$ 0</u>	<u>\$ (202,557)</u>	<u>\$ 1,775,160</u>	<u>\$ 677,792</u>	<u>\$ 677,792</u>	<u>\$ 1,097,368</u>

Exhibit G-5

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 136,415	\$ 0	\$ 0	\$ 136,415	\$ 121,613	\$ 121,613	\$ 14,802
Federal Government	1,004	0	0	1,004	50,000	50,000	(48,996)
Total Revenues	\$ 137,419	\$ 0	\$ 0	\$ 137,419	\$ 171,613	\$ 171,613	\$ (34,194)
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 146,074	\$ (18,755)	\$ 2,571	\$ 129,890	\$ 165,000	\$ 165,000	\$ 35,110
Total Expenditures	\$ 146,074	\$ (18,755)	\$ 2,571	\$ 129,890	\$ 165,000	\$ 165,000	\$ 35,110
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,655)	\$ 18,755	\$ (2,571)	\$ 7,529	\$ 6,613	\$ 6,613	\$ 916
Net Change in Fund Balance	\$ (8,655)	\$ 18,755	\$ (2,571)	\$ 7,529	\$ 6,613	\$ 6,613	\$ 916
Fund Balance, July 1, 2021	264,853	(18,755)	0	246,098	200,000	200,000	46,098
Fund Balance, June 30, 2022	\$ 256,198	\$ 0	\$ (2,571)	\$ 253,627	\$ 206,613	\$ 206,613	\$ 47,014

Exhibit G-6

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,132,186	\$ 0	\$ 0	\$ 6,132,186	\$ 6,038,106	\$ 6,038,106	\$ 94,080
Licenses and Permits	250,000	0	0	250,000	250,000	250,000	0
Other Local Revenues	41,175	0	0	41,175	66,450	66,450	(25,275)
State of Tennessee	4,304,695	0	0	4,304,695	4,189,792	4,189,792	114,903
Federal Government	9,445	0	0	9,445	9,445	9,445	0
Other Governments and Citizens Groups	182,884	0	0	182,884	207,308	207,308	(24,424)
Total Revenues	\$ 10,920,385	\$ 0	\$ 0	\$ 10,920,385	\$ 10,761,101	\$ 10,761,101	\$ 159,284
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 367,948	\$ (102)	\$ 1,347	\$ 369,193	\$ 413,746	\$ 413,746	\$ 44,553
Highway and Bridge Maintenance	6,114,276	(28,483)	25,128	6,110,921	6,693,888	6,573,888	462,967
Operation and Maintenance of Equipment	684,053	(52,921)	3,674	634,806	625,000	745,000	110,194
Asphalt Plant Operations	2,029,291	0	0	2,029,291	2,010,000	2,010,000	(19,291)
Traffic Control	35,187	0	0	35,187	45,000	45,000	9,813
Other Charges	261,034	0	0	261,034	270,000	270,000	8,966
Capital Outlay	1,167,090	(59,305)	281,178	1,388,963	790,000	1,388,968	5
<u>Principal on Debt</u>							
Highways and Streets	82,490	0	0	82,490	0	82,490	0
<u>Interest on Debt</u>							
Highways and Streets	7,510	0	0	7,510	0	7,510	0
<u>Capital Projects</u>							
Highway and Street Capital Projects	191,738	0	372,649	564,387	800,000	800,000	235,613
Total Expenditures	\$ 10,940,617	\$ (140,811)	\$ 683,976	\$ 11,483,782	\$ 11,647,634	\$ 12,336,602	\$ 852,820
Excess (Deficiency) of Revenues Over Expenditures	\$ (20,232)	\$ 140,811	\$ (683,976)	\$ (563,397)	\$ (886,533)	\$ (1,575,501)	\$ 1,012,104
Net Change in Fund Balance	\$ (20,232)	\$ 140,811	\$ (683,976)	\$ (563,397)	\$ (886,533)	\$ (1,575,501)	\$ 1,012,104
Fund Balance, July 1, 2021	8,178,741	(140,811)	0	8,037,930	7,592,000	7,592,000	445,930
Fund Balance, June 30, 2022	\$ 8,158,509	\$ 0	\$ (683,976)	\$ 7,474,533	\$ 6,705,467	\$ 6,016,499	\$ 1,458,034

Exhibit G-7

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,762,977	\$ 3,795,000	\$ 3,795,000	\$ (32,023)
Total Revenues	\$ 3,762,977	\$ 3,795,000	\$ 3,795,000	\$ (32,023)
<u>Expenditures</u>				
Finance				
Other Finance	\$ 74,815	\$ 85,000	\$ 85,000	\$ 10,185
Total Expenditures	\$ 74,815	\$ 85,000	\$ 85,000	\$ 10,185
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,688,162	\$ 3,710,000	\$ 3,710,000	\$ (21,838)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (3,500,000)	\$ (3,500,000)	\$ (3,500,000)	\$ 0
Total Other Financing Sources	\$ (3,500,000)	\$ (3,500,000)	\$ (3,500,000)	\$ 0
Net Change in Fund Balance	\$ 188,162	\$ 210,000	\$ 210,000	\$ (21,838)
Fund Balance, July 1, 2021	482,495	125,548	125,548	356,947
Fund Balance, June 30, 2022	\$ 670,657	\$ 335,548	\$ 335,548	\$ 335,109

Major Governmental Fund

General Debt Service Fund

The General Debt Service Funds is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit H

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 15,214,182	\$ 14,626,458	\$ 14,626,458	\$ 587,724
Other Local Revenues	710,433	731,283	731,283	(20,850)
Other Governments and Citizens Groups	611,332	824,602	981,824	(370,492)
Total Revenues	<u>\$ 16,535,947</u>	<u>\$ 16,182,343</u>	<u>\$ 16,339,565</u>	<u>\$ 196,382</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 303,103	\$ 293,000	\$ 313,000	\$ 9,897
<u>Principal on Debt</u>				
General Government	6,320,000	6,845,000	6,395,000	75,000
Education	4,714,971	4,554,915	4,714,971	0
<u>Interest on Debt</u>				
General Government	3,248,204	3,387,333	3,290,499	42,295
Education	5,531,177	5,520,495	5,531,179	2
<u>Other Debt Service</u>				
General Government	165,475	7,000	169,825	4,350
Education	19,938	20,539	20,539	601
Total Expenditures	<u>\$ 20,302,868</u>	<u>\$ 20,628,282</u>	<u>\$ 20,435,013</u>	<u>\$ 132,145</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,766,921)</u>	<u>\$ (4,445,939)</u>	<u>\$ (4,095,448)</u>	<u>\$ 328,527</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 4,696,908	\$ 4,445,939	\$ 4,445,939	\$ 250,969
Total Other Financing Sources	<u>\$ 4,696,908</u>	<u>\$ 4,445,939</u>	<u>\$ 4,445,939</u>	<u>\$ 250,969</u>
Net Change in Fund Balance	\$ 929,987	0	\$ 350,491	\$ 579,496
Fund Balance, July 1, 2021	<u>3,445,739</u>	<u>3,755,347</u>	<u>3,755,347</u>	<u>(309,608)</u>
Fund Balance, June 30, 2022	<u>\$ 4,375,726</u>	<u>\$ 3,755,347</u>	<u>\$ 4,105,838</u>	<u>\$ 269,888</u>

Proprietary Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or to other governments, on a cost-reimbursement basis.

Self-Insurance Fund – The Self-Insurance Fund is used to account for the self-insured general liability, property, casualty, and workers' compensation programs managed by the county for the primary government and the discretely presented school department.

Employee Insurance - General Fund – The Employee Insurance - General Fund is used to account for the primary government's self-insured employee dental program.

Sullivan County, Tennessee
Combining Statement of Net Position
Proprietary Funds
June 30, 2022

	<u>Internal Service Funds</u>		
	Self-	Employee	Total
	Insurance	Insurance -	Proprietary
		General	Funds
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 182,131	\$ 47,096	\$ 229,227
Equity in Pooled Cash and Investments	266,260	520,822	787,082
Accounts Receivable	0	89	89
Due from Other Funds	515,441	0	515,441
Due from Component Units	219,228	0	219,228
Total Assets	<u>\$ 1,183,060</u>	<u>\$ 568,007</u>	<u>\$ 1,751,067</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 12,027	\$ 30,422	\$ 42,449
Claims and Judgments Payable	488,263	0	488,263
Total Liabilities	<u>\$ 500,290</u>	<u>\$ 30,422</u>	<u>\$ 530,712</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 682,770</u>	<u>\$ 537,585</u>	<u>\$ 1,220,355</u>
Total Net Position	<u>\$ 682,770</u>	<u>\$ 537,585</u>	<u>\$ 1,220,355</u>

Exhibit I-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Position
All Proprietary Funds
For the Year Ended June 30, 2022

	<u>Internal Service Funds</u>		
	Self- Insurance	Employee Insurance - General	Total Proprietary Funds
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 390,930	\$ 341,717	\$ 732,647
Cobra Insurance Payments	0	396	396
Total Operating Revenues	<u>\$ 390,930</u>	<u>\$ 342,113</u>	<u>\$ 733,043</u>
<u>Operating Expenses</u>			
Handling Charges and Administrative Costs	\$ 0	\$ 27,585	\$ 27,585
Dental Insurance	0	264,735	264,735
Audit Services	79,675	0	79,675
Liability Insurance	255,761	0	255,761
Vehicle and Equipment Insurance	261	0	261
Workers' Compensation Insurance	820,204	0	820,204
Total Operating Expenses	<u>\$ 1,155,901</u>	<u>\$ 292,320</u>	<u>\$ 1,448,221</u>
Operating Income (Loss)	<u>\$ (764,971)</u>	<u>\$ 49,793</u>	<u>\$ (715,178)</u>
Income (Loss) before Transfers	\$ (764,971)	\$ 49,793	\$ (715,178)
Transfers In	1,000,000	0	1,000,000
Change in Net Position	\$ 235,029	\$ 49,793	\$ 284,822
Net Position, July 1, 2021	<u>447,741</u>	<u>487,792</u>	<u>935,533</u>
Net Position, June 30, 2022	<u><u>\$ 682,770</u></u>	<u><u>\$ 537,585</u></u>	<u><u>\$ 1,220,355</u></u>

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2022

	<u>Internal Service Funds</u>		
	<u>Self-Insurance</u>	<u>Employee Insurance - General</u>	<u>Total Proprietary Funds</u>
<u>Cash Flows from Operating Activities</u>			
Receipts for Self-Insurance Premiums	\$ 362,039	\$ 342,024	\$ 704,063
Excess Risk Insurance Recovery	226,545	0	226,545
Payments to Insurers and Claims Payments	(1,001,497)	(237,884)	(1,239,381)
Payments for Administrative Costs	(79,675)	(27,585)	(107,260)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (492,588)</u>	<u>\$ 76,555</u>	<u>\$ (416,033)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers In	\$ 500,000	\$ 0	\$ 500,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 500,000</u>	<u>\$ 0</u>	<u>\$ 500,000</u>
Increase (Decrease) in Cash	\$ 7,412	\$ 76,555	\$ 83,967
Cash, July 1, 2021	<u>440,979</u>	<u>491,363</u>	<u>932,342</u>
Cash, June 30, 2022	<u>\$ 448,391</u>	<u>\$ 567,918</u>	<u>\$ 1,016,309</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (764,971)	\$ 49,793	\$ (715,178)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) Decrease in Operating Receivables	(28,891)	(89)	(28,980)
Increase (Decrease) in Current Liabilities	<u>301,274</u>	<u>26,851</u>	<u>328,125</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (492,588)</u>	<u>\$ 76,555</u>	<u>\$ (416,033)</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>			
Cash Per Net Position	\$ 182,131	\$ 47,096	\$ 229,227
Equity in Pooled Cash and Investments Per Net Position	<u>266,260</u>	<u>520,822</u>	<u>787,082</u>
Cash, June 30, 2022	<u>\$ 448,391</u>	<u>\$ 567,918</u>	<u>\$ 1,016,309</u>

Custodial Funds

Custodial Funds are used to account for assets held by the county in a custodial capacity or as an agent for individuals, private organizations, and other governments. Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial fund reporting focuses on net position and changes in net position. Custodial funds are distinguished from trust funds by the absence of a trust agreement or equivalent arrangement.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the state of Tennessee and forwarded to the various cities on a monthly basis.

City School ADA - Bristol Fund, City School ADA - Kingsport Fund, and City School ADA – Johnson City Fund – These three funds are used to account for the city school systems' shares of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

Constitutional Officers - Custodial Fund – The Constitutional Officers - Custodial Fund is used to account for amounts collected in a custodial capacity by the county clerk; circuit, general sessions, and law courts clerk; clerk and master; register of deeds; and sheriff. Such collections include amounts due to the state, cities, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Net Position
Custodial Funds
June 30, 2022

	Custodial Funds				
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	City School ADA - Johnson City	Constitu - tional Officers - Custodial
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,693,956
Equity in Pooled Cash and Investments	0	982,651	1,755,766	21,078	0
Accounts Receivable	0	234	419	5	0
Due from Other Governments	5,216,274	1,246,138	2,238,219	25,314	0
Property Taxes Receivable	0	10,943,268	19,552,835	234,567	0
Allowance for Uncollectible Property Taxes	0	(280,086)	(500,442)	(6,003)	0
Total Assets	<u>\$ 5,216,274</u>	<u>\$ 12,892,205</u>	<u>\$ 23,046,797</u>	<u>\$ 274,961</u>	<u>\$ 13,693,956</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Payroll	0	0	0	0	0
Payroll Deductions Payable	0	0	0	0	0
Due to Other Taxing Units	5,216,274	2,458,983	4,405,285	51,326	0
Total Liabilities	<u>\$ 5,216,274</u>	<u>\$ 2,458,983</u>	<u>\$ 4,405,285</u>	<u>\$ 51,326</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 10,433,222	\$ 18,641,512	\$ 223,635	\$ 0
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 10,433,222</u>	<u>\$ 18,641,512</u>	<u>\$ 223,635</u>	<u>\$ 0</u>
<u>NET POSITION</u>					
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,693,956</u>
Total Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,693,956</u>

(Continued)

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Net Position
Custodial Funds (Cont.)

	<u>Custodial Funds (Cont.)</u>		
	Judicial District Drug	District Attorney General	Total
<u>ASSETS</u>			
Cash	\$ 1,309	\$ 0	\$ 13,695,265
Equity in Pooled Cash and Investments	244,708	65,566	3,069,769
Accounts Receivable	0	0	658
Due from Other Governments	0	0	8,725,945
Property Taxes Receivable	0	0	30,730,670
Allowance for Uncollectible Property Taxes	0	0	(786,531)
Total Assets	<u>\$ 246,017</u>	<u>\$ 65,566</u>	<u>\$ 55,435,776</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 805	\$ 0	\$ 805
Accrued Payroll	2,262	0	2,262
Payroll Deductions Payable	962	0	962
Due to Other Taxing Units	0	0	12,131,868
Total Liabilities	<u>\$ 4,029</u>	<u>\$ 0</u>	<u>\$ 12,135,897</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 29,298,369
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,298,369</u>
<u>NET POSITION</u>			
Restricted for Individuals, Organizations, and Other Governments	\$ 241,988	\$ 65,566	\$ 14,001,510
Total Net Position	<u>\$ 241,988</u>	<u>\$ 65,566</u>	<u>\$ 14,001,510</u>

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2022

	Custodial Funds							
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	City School ADA - Johnson City	Constitu - tional Officers - Custodial	Judicial District Drug	District Attorney General	Total
<u>Additions</u>								
Sales Tax Collections for Other Governments	\$ 32,832,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,832,548
ADA - Educational Funds Collected for Cities	0	18,844,631	32,629,934	393,017	0	0	0	51,867,582
Fines/Fees and Other Collections	0	0	0	0	33,388,209	0	0	33,388,209
Drug Task Force Collections	0	0	0	0	0	169,888	0	169,888
District Attorney General Collections	0	0	0	0	0	0	21,618	21,618
Total Additions	\$ 32,832,548	\$ 18,844,631	\$ 32,629,934	\$ 393,017	\$ 33,388,209	\$ 169,888	\$ 21,618	\$ 118,279,845
<u>Deductions</u>								
Payment of Sales Tax Collections for Other Governments	\$ 32,832,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,832,548
Payments to City School System	0	18,844,631	32,629,934	393,017	0	0	0	51,867,582
Payments to State	0	0	0	0	23,695,175	0	0	23,695,175
Payments to Individuals and Others	0	0	0	0	6,139,532	0	0	6,139,532
Payment of Drug Task Force Expenses	0	0	0	0	0	214,660	0	214,660
Payment of District Attorney General Expenses	0	0	0	0	0	0	17,844	17,844
Total Deductions	\$ 32,832,548	\$ 18,844,631	\$ 32,629,934	\$ 393,017	\$ 29,834,707	\$ 214,660	\$ 17,844	\$ 114,767,341
Change in Net Position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,553,502	\$ (44,772)	\$ 3,774	\$ 3,512,504
Net Position July 1, 2021	0	0	0	0	10,140,454	286,760	61,792	10,489,006
Net Position June 30, 2022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,693,956	\$ 241,988	\$ 65,566	\$ 14,001,510

Sullivan County School Department

This section presents combining and individual fund financial statements for the Sullivan County School Department, a discretely presented component unit. The school department uses a General Fund, five Special Revenue Funds, a Capital Projects Fund, and a Fiduciary Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the school department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Other Education Special Revenue Fund – This fund is used to account for the operations of the prepaid pre-kindergarten childcare program.

School Improvement Fund – This fund is used to account for transactions involving school maintenance and building improvements.

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the school department.

Endowment Fund – The Endowment Fund is used to account for an endowment received by the school department for which the principal amount and interest earned is to be expended for the benefit of scholarships for Sullivan County students.

Exhibit K-1

Sullivan County, Tennessee
Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 49,506,956	\$ 59,000	\$ 8,016,147	\$ 1,191,761	\$ (40,240,048)
Support Services	31,892,245	22,444	2,497,287	0	(29,372,514)
Operation of Non-instructional Services	7,710,285	485,613	9,629,114	0	2,404,442
Total Governmental Activities	\$ 89,109,486	\$ 567,057	\$ 20,142,548	\$ 1,191,761	\$ (67,208,120)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 22,850,450
Local Option Sales Tax					15,694,457
Grants and Contributions Not Restricted for Specific Programs					45,635,801
Unrestricted Investment Income					3,490
Miscellaneous					833,861
Total General Revenues					\$ 85,018,059
Change in Net Position					\$ 17,809,939
Net Position, July 1, 2021					127,238,359
Net Position, June 30, 2022					\$ 145,048,298

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2022

	Major Funds		Nonmajor Funds Other	Total Governmental Funds
	General Purpose School	School Federal Projects	Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 24,450	\$ 22,766	\$ 3,093,841	\$ 3,141,057
Equity in Pooled Cash and Investments	17,495,219	1,137,488	4,558,939	23,191,646
Inventories	90,658	0	57,002	147,660
Accounts Receivable	111,443	0	112,277	223,720
Due from Other Governments	4,908,829	2,005,169	0	6,913,998
Due from Other Funds	2,707,245	178,335	2,952	2,888,532
Due from Primary Government	300,000	0	0	300,000
Property Taxes Receivable	23,348,991	0	0	23,348,991
Allowance for Uncollectible Property Taxes	(597,602)	0	0	(597,602)
Prepaid Items	0	0	2,494	2,494
Restricted Assets	654,426	0	0	654,426
Total Assets	<u>\$ 49,043,659</u>	<u>\$ 3,343,758</u>	<u>\$ 7,827,505</u>	<u>\$ 60,214,922</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 60,820	\$ 1,363	\$ 0	\$ 62,183
Payroll Deductions Payable	814,355	33,365	2,313	850,033
Contracts Payable	272,256	0	0	272,256
Retainage Payable	94,797	38,827	0	133,624
Claims and Judgments Payable	57,917	0	0	57,917
Due to Other Funds	181,287	1,972,313	734,932	2,888,532
Due to Primary Government	639,451	0	0	639,451
Due to State of Tennessee	15,195	0	0	15,195
Other Current Liabilities	0	0	51,328	51,328
Total Liabilities	<u>\$ 2,136,078</u>	<u>\$ 2,045,868</u>	<u>\$ 788,573</u>	<u>\$ 4,970,519</u>

(Continued)

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	General Purpose School	School Federal Projects	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 22,260,737	\$ 0	\$ 0	\$ 22,260,737
Deferred Delinquent Property Taxes	448,607	0	0	448,607
Other Deferred/Unavailable Revenue	1,656,577	216,889	0	1,873,466
Total Deferred Inflows of Resources	<u>\$ 24,365,921</u>	<u>\$ 216,889</u>	<u>\$ 0</u>	<u>\$ 24,582,810</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 90,658	\$ 0	\$ 57,002	\$ 147,660
Prepaid Items	0	0	2,494	2,494
Restricted:				
Restricted for Education	0	881,001	6,680,565	7,561,566
Restricted for Hybrid Retirement Stabilization Funds	654,426	0	0	654,426
Committed:				
Committed for Education	0	200,000	298,871	498,871
Assigned:				
Assigned for Education	6,213,608	0	0	6,213,608
Assigned for Capital Outlay	752,217	0	0	752,217
Unassigned	14,830,751	0	0	14,830,751
Total Fund Balances	<u>\$ 22,541,660</u>	<u>\$ 1,081,001</u>	<u>\$ 7,038,932</u>	<u>\$ 30,661,593</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 49,043,659</u>	<u>\$ 3,343,758</u>	<u>\$ 7,827,505</u>	<u>\$ 60,214,922</u>

Exhibit K-3

Sullivan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Sullivan County School Department
June 30, 2022

Amounts reported for governmental activities in the statement
of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$ 30,661,593
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 5,923,758	
Add: construction in progress	826,138	
Add: buildings and improvements net of accumulated depreciation	134,681,926	
Add: other capital assets net of accumulated depreciation	2,279,041	
Add: intangible right-to-use assets net of accumulated amortization	<u>314,175</u>	144,025,038
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,322,073
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: leases payable	\$ (314,175)	
Less: compensated absences payable	(2,379,788)	
Less: other postemployment benefits liability	<u>(46,077,073)</u>	(48,771,036)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 18,049,454	
Less: deferred inflows of resources related to pensions	(43,748,124)	
Add: deferred outflows of resources related to OPEB	14,348,804	
Less: deferred inflows of resources related to OPEB	<u>(21,799,724)</u>	(33,149,590)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 7,442,641	
Add: net pension asset - teacher retirement plan	637,191	
Add: net pension asset - teacher legacy pension plan	<u>41,880,388</u>	<u>49,960,220</u>
Net position of governmental activities (Exhibit A)		<u>\$ 145,048,298</u>

Exhibit K-4

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2022

	Major Funds		Nonmajor Funds	
	General Purpose School	School Federal Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 38,419,704	\$ 0	\$ 0	\$ 38,419,704
Licenses and Permits	4,187	0	0	4,187
Charges for Current Services	311,160	0	245,001	556,161
Other Local Revenues	1,420,166	0	2,415,427	3,835,593
State of Tennessee	46,513,868	0	44,374	46,558,242
Federal Government	119,096	12,357,175	6,091,100	18,567,371
Total Revenues	\$ 86,788,181	\$ 12,357,175	\$ 8,795,902	\$ 107,941,258
<u>Expenditures</u>				
Current:				
Instruction	\$ 48,359,550	\$ 5,014,996	\$ 0	\$ 53,374,546
Support Services	31,297,266	2,615,224	0	33,912,490
Operation of Non-Instructional Services	866,398	0	7,000,754	7,867,152
Capital Outlay	3,227,722	1,191,761	60,206	4,479,689
Debt Service:				
Principal on Debt	25,000	0	0	25,000
Other Debt Service	611,332	0	0	611,332
Capital Projects	0	0	2,735,151	2,735,151
Total Expenditures	\$ 84,387,268	\$ 8,821,981	\$ 9,796,111	\$ 103,005,360
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,400,913	\$ 3,535,194	\$ (1,000,209)	\$ 4,935,898
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 97,994	\$ 0	\$ 1,743,497	\$ 1,841,491
Transfers Out	(656,497)	(1,148,972)	(36,022)	(1,841,491)
Total Other Financing Sources (Uses)	\$ (558,503)	\$ (1,148,972)	\$ 1,707,475	\$ 0
Net Change in Fund Balances	\$ 1,842,410	\$ 2,386,222	\$ 707,266	\$ 4,935,898
Fund Balance, July 1, 2021	20,699,250	(1,305,221)	6,331,666	25,725,695
Fund Balance, June 30, 2022	\$ 22,541,660	\$ 1,081,001	\$ 7,038,932	\$ 30,661,593

Exhibit K-5

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement
of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit K-4)		\$	4,935,898
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	7,610,822	
Less: current-year depreciation expense		(3,819,367)	
Less: current-year amortization		(25,000)	3,766,455
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: net book value of assets disposed			(2,004,662)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes/other deferred June 30, 2021	\$	(4,219,445)	
Add: deferred delinquent property taxes/other deferred June 30, 2022		2,322,073	(1,897,372)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.			
Add: principal payments on leases			25,000
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	103,992	
Change in other postemployment benefits liability		10,248,868	
Change in net pension asset/liability		40,693,590	
Change in deferred outflows related to pensions		10,297,669	
Change in deferred inflows related to pensions		(39,893,077)	
Change in deferred outflows related to OPEB		(2,866,113)	
Change in deferred inflows related to OPEB		(5,600,309)	12,984,620
Change in net position of governmental activities (Exhibit B)		\$	<u>17,809,939</u>

Exhibit K-6

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2022

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	School Improvement	Internal School	
<u>ASSETS</u>					
Cash	\$ 229,802	\$ 0	\$ 0	\$ 2,864,039	\$ 3,093,841
Equity in Pooled Cash and Investments	4,085,243	98,871	374,825	0	4,558,939
Inventories	57,002	0	0	0	57,002
Accounts Receivable	94,636	0	0	17,641	112,277
Due from Other Funds	2,952	0	0	0	2,952
Prepaid Items	0	0	0	2,494	2,494
Total Assets	<u>\$ 4,469,635</u>	<u>\$ 98,871</u>	<u>\$ 374,825</u>	<u>\$ 2,884,174</u>	<u>\$ 7,827,505</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 2,313	\$ 0	\$ 0	\$ 0	\$ 2,313
Due to Other Funds	398,910	0	336,022	0	734,932
Other Current Liabilities	51,328	0	0	0	51,328
Total Liabilities	<u>\$ 452,551</u>	<u>\$ 0</u>	<u>\$ 336,022</u>	<u>\$ 0</u>	<u>\$ 788,573</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 57,002	\$ 0	\$ 0	\$ 0	\$ 57,002
Prepaid Items	0	0	0	2,494	2,494
Restricted:					
Restricted for Education	3,760,082	0	38,803	2,881,680	6,680,565
Committed:					
Committed for Education	200,000	98,871	0	0	298,871
Total Fund Balances	<u>\$ 4,017,084</u>	<u>\$ 98,871</u>	<u>\$ 38,803</u>	<u>\$ 2,884,174</u>	<u>\$ 7,038,932</u>
Total Liabilities and Fund Balances	<u>\$ 4,469,635</u>	<u>\$ 98,871</u>	<u>\$ 374,825</u>	<u>\$ 2,884,174</u>	<u>\$ 7,827,505</u>

Exhibit K-7

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2022

	Special Revenue Funds					Total
	Central Cafeteria	Other Education Special Revenue	School Improvement	Internal School		
<u>Revenues</u>						
Charges for Current Services	\$ 186,001	\$ 59,000	\$ 0	\$ 0	\$	245,001
Other Local Revenues	8,787	0	0	2,406,640		2,415,427
State of Tennessee	44,374	0	0	0		44,374
Federal Government	6,091,100	0	0	0		6,091,100
Total Revenues	\$ 6,330,262	\$ 59,000	\$ 0	\$ 2,406,640	\$	8,795,902
<u>Expenditures</u>						
Current:						
Operation of Non-Instructional Services	\$ 4,466,394	\$ 10,591	\$ 0	\$ 2,523,769	\$	7,000,754
Capital Outlay	0	0	60,206	0		60,206
Capital Projects	0	0	0	0		0
Total Expenditures	\$ 4,466,394	\$ 10,591	\$ 60,206	\$ 2,523,769	\$	7,060,960
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,863,868	\$ 48,409	\$ (60,206)	\$ (117,129)	\$	1,734,942
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 1,087,000	\$ 0	\$ 0	\$ 0	\$	1,087,000
Transfers Out	0	0	(36,022)	0		(36,022)
Total Other Financing Sources (Uses)	\$ 1,087,000	\$ 0	\$ (36,022)	\$ 0	\$	1,050,978
Net Change in Fund Balances	\$ 2,950,868	\$ 48,409	\$ (96,228)	\$ (117,129)	\$	2,785,920
Fund Balance, July 1, 2021	1,066,216	50,462	135,031	3,001,303		4,253,012
Fund Balance, June 30, 2022	\$ 4,017,084	\$ 98,871	\$ 38,803	\$ 2,884,174	\$	7,038,932

(Continued)

Exhibit K-7

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department (Cont.)

	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Revenues</u>		
Charges for Current Services	\$ 0	\$ 245,001
Other Local Revenues	0	2,415,427
State of Tennessee	0	44,374
Federal Government	0	6,091,100
Total Revenues	<u>\$ 0</u>	<u>\$ 8,795,902</u>
<u>Expenditures</u>		
Current:		
Operation of Non-Instructional Services	\$ 0	\$ 7,000,754
Capital Outlay	0	60,206
Capital Projects	2,735,151	2,735,151
Total Expenditures	<u>\$ 2,735,151</u>	<u>\$ 9,796,111</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,735,151)</u>	<u>\$ (1,000,209)</u>
<u>Other Financing Sources (Uses)</u>		
Transfers In	\$ 656,497	\$ 1,743,497
Transfers Out	0	(36,022)
Total Other Financing Sources (Uses)	<u>\$ 656,497</u>	<u>\$ 1,707,475</u>
Net Change in Fund Balances	\$ (2,078,654)	\$ 707,266
Fund Balance, July 1, 2021	<u>2,078,654</u>	<u>6,331,666</u>
Fund Balance, June 30, 2022	<u>\$ 0</u>	<u>\$ 7,038,932</u>

Exhibit K-8

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
General Purpose School Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 38,419,704	\$ 0	\$ 0	\$ 38,419,704	\$ 35,659,718	\$ 35,659,718	\$ 2,759,986
Licenses and Permits	4,187	0	0	4,187	4,000	4,000	187
Charges for Current Services	311,160	0	0	311,160	16,000	316,000	(4,840)
Other Local Revenues	1,420,166	0	0	1,420,166	365,350	365,350	1,054,816
State of Tennessee	46,513,868	0	0	46,513,868	45,623,443	46,276,010	237,858
Federal Government	119,096	0	0	119,096	180,000	180,000	(60,904)
Other Governments and Citizens Groups	0	0	0	0	305,000	5,000	(5,000)
Total Revenues	\$ 86,788,181	\$ 0	\$ 0	\$ 86,788,181	\$ 82,153,511	\$ 82,806,078	\$ 3,982,103
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 39,978,409	\$ (155,234)	\$ 34,014	\$ 39,857,189	\$ 45,043,861	\$ 44,556,861	\$ 4,699,672
Special Education Program	5,444,796	(4,495)	5,676	5,445,977	6,465,700	6,465,700	1,019,723
Career and Technical Education Program	2,936,345	(11,125)	9,828	2,935,048	3,558,300	3,558,300	623,252
<u>Support Services</u>							
Health Services	1,073,448	(6,141)	0	1,067,307	1,312,913	1,312,913	245,606
Other Student Support	2,205,819	0	0	2,205,819	2,578,700	2,578,700	372,881
Regular Instruction Program	3,108,276	(236,778)	67,337	2,938,835	3,156,892	3,189,892	251,057
Special Education Program	474,911	0	0	474,911	583,700	583,700	108,789
Career and Technical Education Program	106,530	0	0	106,530	188,175	188,175	81,645
Other Programs	652,567	0	0	652,567	0	652,567	0
Board of Education	1,526,294	(150)	0	1,526,144	1,512,234	1,707,234	181,090
Director of Schools	366,003	0	125	366,128	501,145	586,145	220,017
Office of the Principal	5,446,824	0	0	5,446,824	5,818,350	5,818,350	371,526
Fiscal Services	124,347	(200)	0	124,147	440,825	440,825	316,678
Human Services/Personnel	294,369	(562)	0	293,807	337,200	344,200	50,393
Operation of Plant	6,800,713	(63,765)	57,191	6,794,139	7,443,000	7,443,000	648,861
Maintenance of Plant	3,185,476	(178,275)	9,807	3,017,008	3,527,680	3,494,680	477,672
Transportation	5,931,689	(313,800)	0	5,617,889	5,768,545	5,943,545	325,656

(Continued)

Exhibit K-8

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 6,020	\$ 0	\$ 0	\$ 6,020	\$ 81,900	\$ 81,900	\$ 75,880
Community Services	13,573	0	0	13,573	30,798	30,798	17,225
Early Childhood Education	846,805	(14,695)	957	833,067	924,570	924,570	91,503
<u>Capital Outlay</u>							
Regular Capital Outlay	3,227,722	(3,012,019)	637,740	853,443	1,250,000	593,503	(259,940)
<u>Principal on Debt</u>							
Education	25,000	0	0	25,000	575,000	25,000	0
<u>Interest on Debt</u>							
Education	0	0	0	0	55,000	0	0
<u>Other Debt Service</u>							
Education	611,332	0	0	611,332	0	630,000	18,668
Total Expenditures	\$ 84,387,268	\$ (3,997,239)	\$ 822,675	\$ 81,212,704	\$ 91,154,488	\$ 91,150,558	\$ 9,937,854
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,400,913	\$ 3,997,239	\$ (822,675)	\$ 5,575,477	\$ (9,000,977)	\$ (8,344,480)	\$ 13,919,957
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 97,994	\$ 0	\$ 0	\$ 97,994	\$ 200,000	\$ 200,000	\$ (102,006)
Transfers Out	(656,497)	0	0	(656,497)	0	(656,497)	0
Total Other Financing Sources	\$ (558,503)	\$ 0	\$ 0	\$ (558,503)	\$ 200,000	\$ (456,497)	\$ (102,006)
Net Change in Fund Balance	\$ 1,842,410	\$ 3,997,239	\$ (822,675)	\$ 5,016,974	\$ (8,800,977)	\$ (8,800,977)	\$ 13,817,951
Fund Balance, July 1, 2021	20,699,250	(3,997,239)	0	16,702,011	10,677,877	10,677,877	6,024,134
Fund Balance, June 30, 2022	\$ 22,541,660	\$ 0	\$ (822,675)	\$ 21,718,985	\$ 1,876,900	\$ 1,876,900	\$ 19,842,085

Exhibit K-9

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
School Federal Projects Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 12,357,175	\$ 0	\$ 0	\$ 12,357,175	\$ 40,908,791	\$ 41,075,679	\$ (28,718,504)
Total Revenues	\$ 12,357,175	\$ 0	\$ 0	\$ 12,357,175	\$ 40,908,791	\$ 41,075,679	\$ (28,718,504)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,683,695	\$ (19,273)	\$ 328,347	\$ 2,992,769	\$ 5,518,690	\$ 5,545,824	\$ 2,553,055
Special Education Program	2,181,957	0	0	2,181,957	3,159,537	3,280,072	1,098,115
Career and Technical Education Program	149,344	(9,600)	0	139,744	140,603	139,745	1
<u>Support Services</u>							
Health Services	374,993	0	151,166	526,159	1,378,697	1,378,697	852,538
Other Student Support	463,954	0	0	463,954	1,140,957	1,140,957	677,003
Regular Instruction Program	976,780	0	0	976,780	1,535,819	1,689,266	712,486
Special Education Program	535,646	0	0	535,646	946,676	946,676	411,030
Career and Technical Education Program	3,858	0	0	3,858	3,000	3,858	0
Technology	186,000	(174,291)	0	11,709	126,000	126,000	114,291
Fiscal Services	0	0	0	0	46,200	46,200	46,200
Transportation	73,993	(41,960)	1,517,172	1,549,205	2,494,453	2,494,453	945,248
<u>Operation of Non-Instructional Services</u>							
Food Service	0	0	0	0	1,207,000	45,000	45,000
<u>Capital Outlay</u>							
Regular Capital Outlay	1,191,761	(1,459)	272,554	1,462,856	20,503,530	23,078,530	21,615,674
Total Expenditures	\$ 8,821,981	\$ (246,583)	\$ 2,269,239	\$ 10,844,637	\$ 38,201,162	\$ 39,915,278	\$ 29,070,641
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,535,194	\$ 246,583	\$ (2,269,239)	\$ 1,512,538	\$ 2,707,629	\$ 1,160,401	\$ 352,137
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (1,148,972)	\$ 0	\$ 0	\$ (1,148,972)	\$ (2,707,629)	\$ (1,160,401)	\$ 11,429
Total Other Financing Sources	\$ (1,148,972)	\$ 0	\$ 0	\$ (1,148,972)	\$ (2,707,629)	\$ (1,160,401)	\$ 11,429
Net Change in Fund Balance	\$ 2,386,222	\$ 246,583	\$ (2,269,239)	\$ 363,566	\$ 0	\$ 0	\$ 363,566
Fund Balance, July 1, 2021	(1,305,221)	(246,583)	0	(1,551,804)	0	0	(1,551,804)
Fund Balance, June 30, 2022	\$ 1,081,001	\$ 0	\$ (2,269,239)	\$ (1,188,238)	\$ 0	\$ 0	\$ (1,188,238)

Exhibit K-10

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 186,001	\$ 0	\$ 0	\$ 186,001	\$ 1,197,500	\$ 1,197,500	\$ (1,011,499)
Other Local Revenues	8,787	0	0	8,787	3,500	3,500	5,287
State of Tennessee	44,374	0	0	44,374	50,000	50,000	(5,626)
Federal Government	6,091,100	0	0	6,091,100	3,801,179	3,801,179	2,289,921
Other Governments and Citizens Groups	0	0	0	0	2,000	2,000	(2,000)
Total Revenues	\$ 6,330,262	\$ 0	\$ 0	\$ 6,330,262	\$ 5,054,179	\$ 5,054,179	\$ 1,276,083
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 4,466,394	\$ (314,796)	\$ 14,543	\$ 4,166,141	\$ 5,054,179	\$ 5,054,179	\$ 888,038
Total Expenditures	\$ 4,466,394	\$ (314,796)	\$ 14,543	\$ 4,166,141	\$ 5,054,179	\$ 5,054,179	\$ 888,038
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,863,868	\$ 314,796	\$ (14,543)	\$ 2,164,121	\$ 0	\$ 0	\$ 2,164,121
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 1,087,000	\$ 0	\$ 0	\$ 1,087,000	\$ 0	\$ 0	\$ 1,087,000
Total Other Financing Sources	\$ 1,087,000	\$ 0	\$ 0	\$ 1,087,000	\$ 0	\$ 0	\$ 1,087,000
Net Change in Fund Balance	\$ 2,950,868	\$ 314,796	\$ (14,543)	\$ 3,251,121	\$ 0	\$ 0	\$ 3,251,121
Fund Balance, July 1, 2021	1,066,216	(314,796)	0	751,420	797,694	797,694	(46,274)
Fund Balance, June 30, 2022	\$ 4,017,084	\$ 0	\$ (14,543)	\$ 4,002,541	\$ 797,694	\$ 797,694	\$ 3,204,847

Exhibit K-11

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sullivan County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 59,000	\$ 200,000	\$ 200,000	\$ (141,000)
State of Tennessee	0	40,000	40,000	(40,000)
Total Revenues	<u>\$ 59,000</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ (181,000)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	\$ 10,591	\$ 235,896	\$ 235,896	\$ 225,305
Total Expenditures	<u>\$ 10,591</u>	<u>\$ 235,896</u>	<u>\$ 235,896</u>	<u>\$ 225,305</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 48,409</u>	<u>\$ 4,104</u>	<u>\$ 4,104</u>	<u>\$ 44,305</u>
Net Change in Fund Balance	\$ 48,409	\$ 4,104	\$ 4,104	\$ 44,305
Fund Balance, July 1, 2021	<u>50,462</u>	<u>44,382</u>	<u>44,382</u>	<u>6,080</u>
Fund Balance, June 30, 2022	<u><u>\$ 98,871</u></u>	<u><u>\$ 48,486</u></u>	<u><u>\$ 48,486</u></u>	<u><u>\$ 50,385</u></u>

Exhibit K-12

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
School Improvement Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>							
<u>Capital Outlay</u>							
Regular Capital Outlay	\$ 60,206	\$ (85,305)	\$ 38,803	\$ 13,704	\$ 3,211,000	\$ 3,211,000	\$ 3,197,296
Total Expenditures	\$ 60,206	\$ (85,305)	\$ 38,803	\$ 13,704	\$ 3,211,000	\$ 3,211,000	\$ 3,197,296
Excess (Deficiency) of Revenues Over Expenditures	\$ (60,206)	\$ 85,305	\$ (38,803)	\$ (13,704)	\$ (3,211,000)	\$ (3,211,000)	\$ 3,197,296
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,361,000	\$ 3,361,000	\$ (3,361,000)
Transfers Out	(36,022)	0	0	(36,022)	(150,000)	(150,000)	113,978
Total Other Financing Sources	\$ (36,022)	\$ 0	\$ 0	\$ (36,022)	\$ 3,211,000	\$ 3,211,000	\$ (3,247,022)
Net Change in Fund Balance	\$ (96,228)	\$ 85,305	\$ (38,803)	\$ (49,726)	\$ 0	\$ 0	\$ (49,726)
Fund Balance, July 1, 2021	135,031	(85,305)	0	49,726	498,167	498,167	(448,441)
Fund Balance, June 30, 2022	\$ 38,803	\$ 0	\$ (38,803)	\$ 0	\$ 498,167	\$ 498,167	\$ (498,167)

Sullivan County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
June 30, 2022

	Private- Purpose Trust Fund <u>Endowment Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 107,795</u>
Total Assets	<u>\$ 107,795</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>\$ 8,100</u>
Total Liabilities	<u>\$ 8,100</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 99,695</u>
Total Net Position	<u><u>\$ 99,695</u></u>

Sullivan County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
For the Year Ended June 30, 2022

	Private- Purpose Trust Fund	Endowment Fund
<u>DEDUCTIONS</u>		
Education:		
Scholarships:	\$	5,300
Total Deductions	\$	5,300
Change in Net Position	\$	(5,300)
Net Position, July 1, 2021		104,995
Net Position, June 30, 2022	\$	99,695

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sullivan County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Nonexchange Financial Guarantee (1)
For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-21	Issued or Other Increases During Period	Matured During Period	Outstanding 6-30-22
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
School Roof	\$ 1,500,000	2.65	%	10-12-15	10-16-23	\$ 481,063	\$ 0	\$ 160,056	\$ 321,007
Total Notes Payable						<u>\$ 481,063</u>	<u>\$ 0</u>	<u>\$ 160,056</u>	<u>\$ 321,007</u>
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through General Fund</u>									
Clerk and Master Computers 2018	21,067	6.5		5-24-18	3-24-22	\$ 4,354	\$ 0	\$ 4,354	\$ 0
Court System Computers 2018	33,501	6.5		8-15-18	6-15-23	14,637	0	7,081	7,556
Circuit Servers 2018	28,899	6.5		10-16-18	8-16-22	9,167	0	7,815	1,352
Sheriff Vehicles 2019	1,474,199	3.79		1-15-19	3-15-22	377,474	0	377,474	0
Sheriff Vehicles 2020	133,275	3.79		12-23-20	4-17-24	99,262	0	31,865	67,397
Circuit Computers 2021	58,826	6		3-4-21	1-4-25	53,395	0	14,515	38,880
Sheriff Vehicles 2021	690,579	3.43		10-22-21	3-28-25	0	690,579	174,151	516,428
Total Payable through General Fund						<u>\$ 558,289</u>	<u>\$ 690,579</u>	<u>\$ 617,255</u>	<u>\$ 631,613</u>
<u>Payable through Highway/Public Works Fund</u>									
Dump Trucks 2018	494,574	4.26		11-30-17	11-1-23	\$ 176,296	\$ 0	\$ 82,490	\$ 93,806
Total Payable through Highway/Public Works Fund						<u>\$ 176,296</u>	<u>\$ 0</u>	<u>\$ 82,490</u>	<u>\$ 93,806</u>
<u>Payable through General Debt Service Fund</u>									
Qualified School Construction Bonds, Series 2009 (2)	15,480,000	1.515		12-17-09	7-1-26	\$ 5,015,781	\$ 0	\$ 965,927	\$ 4,049,854
Qualified School Construction Bonds, Series 2010 (2)	5,073,000	0		10-7-10	8-1-27	1,960,287	0	316,548	1,643,739
Energy Efficient Schools Initiative	5,054,635	0		5-16-11	12-1-25	1,948,957	0	427,440	1,521,517
Total Payable through General Debt Service Fund						<u>\$ 8,925,025</u>	<u>\$ 0</u>	<u>\$ 1,709,915</u>	<u>\$ 7,215,110</u>
Total Other Loans Payable						<u>\$ 9,659,610</u>	<u>\$ 690,579</u>	<u>\$ 2,409,660</u>	<u>\$ 7,940,529</u>

(Continued)

Exhibit L-1

Sullivan County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Nonexchange Financial Guarantee (1) (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-21	Issued or Other Increases During Period	Matured During Period	Outstanding 6-30-22
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2015A	\$ 24,870,000	2 to 5	% 3-30-15	4-1-26	\$ 12,205,000	\$ 0	\$ 3,010,000	\$ 9,195,000
General Obligation Refunding Bonds, Series 2015C	6,265,000	2 to 3.35	3-30-15	4-1-28	3,990,000	0	535,000	3,455,000
General Obligation Bonds, Series 2017	135,740,000	3 to 5	3-30-17	5-1-47	128,000,000	0	2,845,000	125,155,000
General Obligation Bonds, Series 2019	3,745,000	2.25 to 5	12-5-19	6-1-39	3,510,000	0	140,000	3,370,000
General Obligation Bonds, Series 2020	76,190,000	2 to 5	10-28-20	5-1-41	76,190,000	0	2,535,000	73,655,000
General Obligation Bonds, Series 2021	4,000,000	1.85 to 2.625	10-22-21	5-1-41	0	4,000,000	100,000	3,900,000
Total Bonds Payable					<u>\$ 223,895,000</u>	<u>\$ 4,000,000</u>	<u>\$ 9,165,000</u>	<u>\$ 218,730,000</u>
<u>NONEXCHANGE FINANCIAL GUARANTEE</u>								
<u>Payable through General Debt Service Fund</u>								
Airport Authority 2018 Aerospace Park Bonds	2,290,750	3 to 4.5	3-29-18	5-1-38	<u>\$ 2,072,304</u>	<u>\$ 73,150</u>	<u>\$ 163,825</u>	<u>\$ 1,981,629</u>
Total Nonexchange Financial Guarantee					<u>\$ 2,072,304</u>	<u>\$ 73,150</u>	<u>\$ 163,825</u>	<u>\$ 1,981,629</u>

(1) Amounts previously reported as capital leases payable have been reclassified as other loans payable due to the implementation of GASB Statement No. 87.

(2) Interest rate is offset by a federal rate subsidy.

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2023	\$ 164,348	\$ 6,387	\$ 170,735
2024	156,659	2,076	158,735
Total	\$ 321,007	\$ 8,463	\$ 329,470

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2023	\$ 2,022,890	\$ 516,819	\$ 19,539	\$ 2,559,248
2024	1,946,935	501,770	19,538	2,468,243
2025	1,904,731	490,110	19,539	2,414,380
2026	1,597,364	480,931	19,538	2,097,833
2027	438,768	265,483	7,928	712,179
2028	29,841	24,221	1,014	55,076
Total	\$ 7,940,529	\$ 2,279,334	\$ 87,096	\$ 10,306,959

(Continued)

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	\$ 9,705,000	\$ 7,889,026	\$ 17,594,026
2024	10,235,000	7,421,956	17,656,956
2025	8,660,000	6,927,831	15,587,831
2026	8,510,000	6,512,271	15,022,271
2027	7,825,000	6,126,371	13,951,371
2028	8,110,000	5,825,821	13,935,821
2029	7,830,000	5,475,204	13,305,204
2030	8,180,000	5,130,439	13,310,439
2031	8,495,000	4,813,881	13,308,881
2032	8,790,000	4,521,181	13,311,181
2033	9,050,000	4,258,269	13,308,269
2034	9,320,000	3,986,644	13,306,644
2035	9,565,000	3,740,613	13,305,613
2036	9,820,000	3,487,781	13,307,781
2037	10,085,000	3,221,025	13,306,025
2038	10,400,000	2,914,412	13,314,412
2039	10,715,000	2,596,663	13,311,663
2040	10,785,000	2,268,262	13,053,262
2041	11,125,000	1,934,963	13,059,963
2042	6,280,000	1,590,100	7,870,100
2043	6,530,000	1,338,900	7,868,900
2044	6,770,000	1,102,188	7,872,188
2045	7,040,000	831,388	7,871,388
2046	7,320,000	549,787	7,869,787
2047	7,585,000	284,438	7,869,438
Total	\$ 218,730,000	\$ 94,749,414	\$ 313,479,414

(Continued)

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Nonexchange Financial Guarantee		
	Principal	Interest	Total
Principal and Interest Requirements on Outstanding Aerospace Park Bonds:			
2023	\$ 95,000	\$ 69,775	\$ 164,775
2024	95,000	65,500	160,500
2025	100,000	61,225	161,225
2026	105,000	56,725	161,725
2027	110,000	53,575	163,575
2028	115,000	50,138	165,138
2029	115,000	46,400	161,400
2030	120,000	42,663	162,663
2031	125,000	38,763	163,763
2032	130,000	34,700	164,700
2033	135,000	30,312	165,312
2034	135,000	25,756	160,756
2035	140,000	21,031	161,031
2036	145,000	16,131	161,131
2037	150,000	11,056	161,056
2038	155,000	5,619	160,619
Total	<u>\$ 1,970,000</u>	<u>\$ 629,369</u>	<u>\$ 2,599,369</u>

Calculation of Nonexchange Financial Guarantee Liability:

Principal Balance	\$ 1,970,000
Add: Accrued Interest	<u>11,629</u>
Sullivan County's Nonexchange Financial Guarantee Liability 6-30-22	<u><u>\$ 1,981,629</u></u>

Exhibit L-3

Sullivan County, Tennessee
Schedule of Changes in Lease Obligations - Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Restated Outstanding 7-1-21 *	Paid and/or Matured During Period	Outstanding 6-30-22
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>							
<u>LEASES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Central Office Building Rental	\$ 339,175	2.2984 %	12-3-96	12-3-36	\$ 339,175	\$ 25,000	\$ 314,175
Total Leases Payable					<u>\$ 339,175</u>	<u>\$ 25,000</u>	<u>\$ 314,175</u>

* Outstanding balances 7-1-21 have been restated due to transitional requirements of GASB Statement No. 87.

Exhibit L-4

Sullivan County, Tennessee
Schedule of Lease Requirements by Year -
Discretely Presented Sullivan County School Department

Year Ending June 30	Leases		
	Principal	Interest	Total
2023	\$ 17,779	\$ 7,221	\$ 25,000
2024	18,188	6,812	25,000
2025	18,606	6,394	25,000
2026	19,033	5,967	25,000
2027	19,471	5,529	25,000
2028	19,918	5,082	25,000
2029	20,376	4,624	25,000
2030	20,844	4,156	25,000
2031	21,323	3,677	25,000
2032	21,814	3,186	25,000
2033	22,315	2,685	25,000
2034	22,828	2,172	25,000
2035	23,353	1,647	25,000
2036	23,889	1,111	25,000
2037	24,438	562	25,000
Total	\$ 314,175	\$ 60,825	\$ 375,000

Sullivan County, Tennessee
Schedule of Leases Receivable
Primary Government
June 30, 2022

Description	Debtor	Original Amount of Lease	Date of Issue	Date of Maturity	Interest Rate	Restated Balance 7-1-21 *	Deductions	Balance 6-30-22
<u>PRIMARY GOVERNMENT</u>								
<u>General Fund</u>								
Building Rental	Sullivan County School Department	\$ 339,175	12-3-96	12-3-36	2.2984 %	\$ 339,175	\$ 25,000	\$ 314,175
Total General Fund						<u>\$ 339,175</u>	<u>\$ 25,000</u>	<u>\$ 314,175</u>
Total Leases Receivable						<u>\$ 339,175</u>	<u>\$ 25,000</u>	<u>\$ 314,175</u>

* Balances 7-1-21 have been restated due to transitional requirements of GASB Statement No. 87.

Exhibit L-6

Sullivan County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Sullivan County School Department

For the Year Ended June 30, 2022

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Tax credit rebate	\$ 245,939
"	"	Debt retirement	950,969
"	Self-Insurance	Operations	1,000,000
Other General Government Special Revenue	General	Premium pay	1,386,354
"	"	Operations	14,200
General Capital Projects	General Debt Service	Debt retirement	<u>3,500,000</u>
Total Transfers Primary Government			<u>\$ 7,097,462</u>
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital expenditures	\$ 656,497
School Federal Projects	General Purpose School	Indirect cost	61,972
"	Central Cafeteria	Revenue loss	1,087,000
School Improvement	General Purpose School	Debt retirement	<u>36,022</u>
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 1,841,491</u>

Exhibit L-7

Sullivan County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2022

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 131,028 (1)	\$ 100,000	Cincinnati Insurance Company
Highway Commissioner	Section 8-24-102, <i>TCA</i>	124,788	100,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	168,250 (2),(3)		
Trustee	Section 8-24-102, <i>TCA</i>	107,230	5,200,598	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	107,230	50,000	"
Finance Director	County Commission	107,230 (4)	100,000	"
Purchasing Agent	County Commission	107,230 (5)	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	107,230	100,000	"
Circuit, General Sessions, and Law Courts Clerk	Section 8-24-102, <i>TCA</i>	107,230	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	107,230 (6)	150,000	Western Surety Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	107,230	100,000	Cincinnati Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	125,588 (7)	100,000	"

Employee Blanket Bonds - All County and School Department Employees:

Public Employee Dishonesty (self-insured to \$25,000 through county Self-Insurance Fund)	250,000	Princeton Excess and Surplus Lines Insurance Company

- (1) Does not include vehicle allowance of \$7,800.
- (2) The amount shown is for Evelyn Rafalowski. The total is comprised of \$156,250 salary, \$2,400 home office allowance, and \$9,600 vehicle allowance. Amounts were charged to the General Purpose School Fund (\$37,514 to County Official line item, \$18,851 to Other Salaries line item, and \$111,885 to Support Services Regular Instruction Supervisor/Director line item).
- (3) David Cox, the former director of schools who left office June 30, 2021, was also paid a total of \$22,877 during the year. That total is comprised of \$18,245 vacation and sick leave payout in accordance with school board policy, \$1,000 CEO Supplement, and \$3,632 for consulting fees. Amounts were charged to the General Purpose School Fund (\$18,245 to County Official line item, \$3,632 to Assistants line item, and \$1,000 to Other Salaries line item).
- (4) Does not Include \$1,500 bonus.
- (5) Does not Include \$1,500 bonus.
- (6) Does not include special commissioner fees of \$2,070.
- (7) Includes a \$6,835 supplement as workhouse superintendent and a \$800 law enforcement training supplement.

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2022

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 30,215,191	\$ 733,865	\$ 0	\$ 0	\$ 0	\$ 0	
Trustee's Collections - Prior Year	939,914	22,050	0	0	0	0	
Circuit Clerk/Clerk and Master Collections - Prior Years	428,445	10,795	0	0	0	0	
Interest and Penalty	301,699	6,389	0	0	0	0	
Pickup Taxes	759,933	18,456	0	0	0	0	
Payments in-Lieu-of Taxes - T.V.A.	5,905	0	0	0	0	0	
Payments in-Lieu-of Taxes - Local Utilities	663,882	0	0	0	0	0	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	3,310,790	0	0	0	0	0	
Litigation Tax - General	286,448	0	0	0	0	0	
Litigation Tax - Office of Public Defender	128,900	0	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	14,865	0	0	0	0	0	
Litigation Tax - Courthouse Security	330,071	0	0	0	0	0	
Business Tax	3,083,153	0	0	0	0	0	
Mixed Drink Tax	14,520	0	0	0	0	0	
Mineral Severance Tax	0	0	0	0	0	0	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	119,049	2,891	0	0	0	0	
Wholesale Beer Tax	0	0	0	0	0	0	
Total Local Taxes	\$ 40,602,765	\$ 794,446	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 369,714	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Constitu - tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	\$ 134,776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 504,490	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 17,629	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	69,602	0	0	0	0	0
Drug Court Fees	5,044	0	0	0	0	0
Jail Fees	57,562	0	0	0	0	0
Data Entry Fee - Circuit Court	49,399	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	21,951	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	83,730	0	0	0	0	0
Officers Costs	148,034	0	0	0	0	0
Game and Fish Fines	232	0	0	0	0	0
Drug Control Fines	0	0	0	15,734	0	0
Drug Court Fees	18,190	0	0	0	0	0
Victims Assistance Assessments	79,543	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	648	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,537	0	0	0	0	0
Data Entry Fee - Chancery Court	22,160	0	0	0	0	0

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 120,681	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	2,385	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	<u>\$ 578,646</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 136,415</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 359,841	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	219,832	0	7,415,331	0	0	0
Zoning Studies	7,002	0	0	0	0	0
Work Release Charges for Board	9,570	0	0	0	0	0
Health Department Collections	542,242	0	0	0	0	0
Other General Service Charges	68,407	0	0	0	0	0
Service Charges	148,411	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	426,453	0	0	0	0	0
Copy Fees	1,642	0	0	0	0	0
Library Fees	4,463	0	0	0	0	0
Archives and Records Management Fee	224,420	0	0	0	0	0
Greenbelt Late Application Fee	800	0	0	0	0	0
Telephone Commissions	248,656	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	9,117
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	2,070
Data Processing Fee - Register	56,629	0	0	0	0	0
Data Processing Fee - Sheriff	1,982	0	0	0	0	0

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 11,400	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Processing Fee - County Clerk	20,385	0	0	0	0	0
Subscription and Electronic Filing Fee - Circuit and General Sessio	4,500	0	0	0	0	0
Vehicle Registration Reinstatement Fees	5,785	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	123	0	0	0	0	0
Total Charges for Current Services	\$ 2,002,702	\$ 359,841	\$ 7,415,331	\$ 0	\$ 0	\$ 11,187
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 51,001	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	55,701	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Commissary Sales	48,287	0	0	0	0	0
Sale of Maps	8	0	0	0	0	0
Sale of Recycled Materials	3,835	464,509	0	0	0	0
Miscellaneous Refunds	19,214	15	5,102	0	0	0
Expenditure Credits	10,517	0	0	0	0	0
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	0	0	0	0	0	0
Sale of Equipment	13,124	0	0	0	0	0
Sale of Property	8,971	0	0	0	0	0
Damages Recovered from Individuals	1,162	0	0	0	0	0
Contributions and Gifts	33,737	0	0	0	0	0

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 2,805	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 248,362	\$ 464,524	\$ 5,102	\$ 0	\$ 0	\$ 0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 1,953,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	453,603	0	0	0	0	0
General Sessions Court Clerk	785,957	0	0	0	0	0
Clerk and Master	646,730	0	0	0	0	0
Register	973,431	0	0	0	0	0
Sheriff	1,093	0	0	0	0	0
Trustee	2,919,685	0	0	0	0	0
Total Fees Received From County Officials	\$ 7,733,859	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 61,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	61,954	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	108,800	0	0	0	0	0
Other Public Safety Grants	276,741	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	220,008	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants (Cont.)</u>						
Litter Program	\$ 45,181	\$ 25,470	\$ 0	\$ 0	\$ 0	\$ 0
Other Public Works Grants	562,001	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	5,788	0	0	0	0	0
Beer Tax	19,194	0	0	0	0	0
Vehicle Certificate of Title Fees	27,660	0	0	0	0	0
Alcoholic Beverage Tax	294,971	0	0	0	0	0
Opioid Settlement Funds	3,526,051	0	0	0	0	0
State Revenue Sharing - Telecommunications	334,597	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	75,716	0	0	0	0	0
Prisoner Transportation	8,855	0	0	0	0	0
Contracted Prisoner Boarding	1,199,207	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	1,101,665	0	75,000	0	0	0
Other State Revenues	1,527,505	143,036	378,051	0	0	0
Total State of Tennessee	\$ 9,472,488	\$ 168,506	\$ 453,051	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 62,890	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	151,480	0	0	0	0	0
COVID-19 Grant #1	31,730	0	0	0	0	0
COVID-19 Grant #3	2,140	0	0	0	0	0

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
COVID-19 Grant #5	\$ 1,736,763	\$ 0	\$ 0	\$ 0	\$ 0	0
COVID-19 Grant A	50,874	0	0	0	0	0
Other Federal through State	1,858,880	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	110,302	0	0	0	0	0
Asset Forfeiture Funds	0	0	0	1,004	0	0
Tax Credit Bond Rebate	231,921	0	0	0	0	0
COVID-19 Grant #6	0	0	37,406	0	0	0
American Rescue Plan Act Grant #6	0	0	0	0	1,469,058	0
Other Direct Federal Revenue	169,803	0	0	0	0	0
Total Federal Government	\$ 4,406,783	\$ 0	\$ 37,406	\$ 1,004	\$ 1,469,058	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	172,540	0	0	0	0	0
Contracted Services	809,166	101,493	0	0	0	0
<u>Citizens Groups</u>						
Donations	0	0	2,196	0	0	0
<u>Other</u>						
Other	113,705	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 1,095,411	\$ 101,493	\$ 2,196	\$ 0	\$ 0	0
Total	\$ 66,645,506	\$ 1,888,810	\$ 7,913,086	\$ 137,419	\$ 1,469,058	\$ 11,187

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,798,522	\$ 14,248,657	\$ 3,470,092	\$ 0	\$ 51,466,327
Trustee's Collections - Prior Year	87,030	255,884	107,917	0	1,412,795
Circuit Clerk/Clerk and Master Collections - Prior Years	39,671	116,368	49,192	0	644,471
Interest and Penalty	28,092	86,757	34,411	0	457,348
Pickup Taxes	70,385	351,291	87,693	0	1,287,758
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	5,905
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	663,882
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,500,000	0	0	0	5,810,790
Litigation Tax - General	0	0	0	0	286,448
Litigation Tax - Office of Public Defender	0	0	0	0	128,900
Litigation Tax - Jail, Workhouse, or Courthouse	0	100,193	0	0	115,058
Litigation Tax - Courthouse Security	0	0	0	0	330,071
Business Tax	0	0	0	0	3,083,153
Mixed Drink Tax	0	0	0	0	14,520
Mineral Severance Tax	173,573	0	0	0	173,573
<u>Statutory Local Taxes</u>					
Bank Excise Tax	11,026	55,032	13,672	0	201,670
Wholesale Beer Tax	423,887	0	0	0	423,887
Total Local Taxes	\$ 6,132,186	\$ 15,214,182	\$ 3,762,977	\$ 0	\$ 66,506,556
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 619,714

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Building Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 134,776
Total Licenses and Permits	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 754,490
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,629
Officers Costs	0	0	0	0	69,602
Drug Court Fees	0	0	0	0	5,044
Jail Fees	0	0	0	0	57,562
Data Entry Fee - Circuit Court	0	0	0	0	49,399
<u>Criminal Court</u>					
DUI Treatment Fines	0	0	0	0	21,951
<u>General Sessions Court</u>					
Fines	0	0	0	0	83,730
Officers Costs	0	0	0	0	148,034
Game and Fish Fines	0	0	0	0	232
Drug Control Fines	0	0	0	0	15,734
Drug Court Fees	0	0	0	0	18,190
Victims Assistance Assessments	0	0	0	0	79,543
<u>Juvenile Court</u>					
Fines	0	0	0	0	648
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	2,537
Data Entry Fee - Chancery Court	0	0	0	0	22,160

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 0	120,681
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	0	0	0	0	2,385
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	715,061
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	359,841
Patient Charges	0	0	0	0	7,635,163
Zoning Studies	0	0	0	0	7,002
Work Release Charges for Board	0	0	0	0	9,570
Health Department Collections	0	0	0	0	542,242
Other General Service Charges	0	0	0	0	68,407
Service Charges	0	0	0	0	148,411
<u>Fees</u>					
Recreation Fees	0	0	0	0	426,453
Copy Fees	0	0	0	0	1,642
Library Fees	0	0	0	0	4,463
Archives and Records Management Fee	0	0	0	0	224,420
Greenbelt Late Application Fee	0	0	0	0	800
Telephone Commissions	0	0	0	0	248,656
Constitutional Officers' Fees and Commissions	0	0	0	0	9,117
Special Commissioner Fees/Special Master Fees	0	0	0	0	2,070
Data Processing Fee - Register	0	0	0	0	56,629
Data Processing Fee - Sheriff	0	0	0	0	1,982

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Sexual Offender Registration Fee - Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	11,400
Data Processing Fee - County Clerk	0	0	0	0	20,385
Subscription and Electronic Filing Fee - Circuit and General Sessions	0	0	0	0	4,500
Vehicle Registration Reinstatement Fees	0	0	0	0	5,785
<u>Education Charges</u>					
Other Charges for Services	0	0	0	0	123
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	9,789,061
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 34,531	\$ 327,604	\$ 0	\$ 8	413,144
Lease/Rentals	0	0	0	0	55,701
Sale of Materials and Supplies	5,214	0	0	0	5,214
Commissary Sales	0	0	0	0	48,287
Sale of Maps	0	0	0	0	8
Sale of Recycled Materials	0	0	0	0	468,344
Miscellaneous Refunds	0	0	0	0	24,331
Expenditure Credits	0	0	0	0	10,517
<u>Nonrecurring Items</u>					
Revenue from Joint Ventures	0	382,829	0	0	382,829
Sale of Equipment	0	0	0	0	13,124
Sale of Property	0	0	0	0	8,971
Damages Recovered from Individuals	1,430	0	0	0	2,592
Contributions and Gifts	0	0	0	0	33,737

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,805
Total Other Local Revenues	\$ 41,175	\$ 710,433	\$ 0	\$ 8	\$ 1,469,604
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,953,360
Circuit Court Clerk	0	0	0	0	453,603
General Sessions Court Clerk	0	0	0	0	785,957
Clerk and Master	0	0	0	0	646,730
Register	0	0	0	0	973,431
Sheriff	0	0	0	0	1,093
Trustee	0	0	0	0	2,919,685
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,733,859
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61,430
Other General Government Grants	0	0	0	0	61,954
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	108,800
Other Public Safety Grants	0	0	0	0	276,741
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	220,008
<u>Public Works Grants</u>					
State Aid Program	416,804	0	0	0	416,804

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants (Cont.)</u>					
Litter Program	\$ 0	\$ 0	\$ 0	\$ 0	70,651
Other Public Works Grants	0	0	0	0	562,001
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	5,788
Beer Tax	0	0	0	0	19,194
Vehicle Certificate of Title Fees	0	0	0	0	27,660
Alcoholic Beverage Tax	0	0	0	0	294,971
Opioid Settlement Funds	0	0	0	0	3,526,051
State Revenue Sharing - Telecommunications	0	0	0	0	334,597
State Shared Sports Gaming Privilege Tax	0	0	0	0	75,716
Prisoner Transportation	0	0	0	0	8,855
Contracted Prisoner Boarding	0	0	0	0	1,199,207
Gasoline and Motor Fuel Tax	3,781,701	0	0	0	3,781,701
Petroleum Special Tax	106,190	0	0	0	106,190
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	1,176,665
Other State Revenues	0	0	0	0	2,048,592
Total State of Tennessee	\$ 4,304,695	\$ 0	\$ 0	\$ 0	14,398,740
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	62,890
Homeland Security Grants	0	0	0	0	151,480
COVID-19 Grant #1	0	0	0	0	31,730
COVID-19 Grant #3	0	0	0	0	2,140

(Continued)

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
COVID-19 Grant #5	\$ 0	\$ 0	\$ 0	\$ 0	1,736,763
COVID-19 Grant A	0	0	0	0	50,874
Other Federal through State	0	0	0	0	1,858,880
<u>Direct Federal Revenue</u>					
Forest Service	9,445	0	0	0	119,747
Asset Forfeiture Funds	0	0	0	0	1,004
Tax Credit Bond Rebate	0	0	0	0	231,921
COVID-19 Grant #6	0	0	0	0	37,406
American Rescue Plan Act Grant #6	0	0	0	0	1,469,058
Other Direct Federal Revenue	0	0	0	0	169,803
Total Federal Government	\$ 9,445	\$ 0	\$ 0	\$ 0	5,923,696
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Paving and Maintenance	\$ 181,539	\$ 0	\$ 0	\$ 0	181,539
Contributions	0	611,332	0	0	783,872
Contracted Services	1,345	0	0	0	912,004
<u>Citizens Groups</u>					
Donations	0	0	0	0	2,196
<u>Other</u>					
Other	0	0	0	0	113,705
Total Other Governments and Citizens Groups	\$ 182,884	\$ 611,332	\$ 0	\$ 0	1,993,316
Total	\$ 10,920,385	\$ 16,535,947	\$ 3,762,977	\$ 8	109,284,383

Exhibit L-9

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2022

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 20,968,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,968,764
Trustee's Collections - Prior Year	677,744	0	0	0	0	677,744
Circuit Clerk/Clerk and Master Collections - Prior Years	331,684	0	0	0	0	331,684
Interest and Penalty	226,913	0	0	0	0	226,913
Pickup Taxes	527,450	0	0	0	0	527,450
<u>County Local Option Taxes</u>						
Local Option Sales Tax	15,601,794	0	0	0	0	15,601,794
<u>Statutory Local Taxes</u>						
Bank Excise Tax	85,355	0	0	0	0	85,355
Total Local Taxes	\$ 38,419,704	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,419,704
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 4,187	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,187
Total Licenses and Permits	\$ 4,187	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,187
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Other	\$ 0	\$ 0	\$ 0	\$ 59,000	\$ 0	\$ 59,000
Income from Breakfast	0	0	4	0	0	4
A la Carte Sales	0	0	185,479	0	0	185,479
Receipts from Individual Schools	8,910	0	388	0	0	9,298
TBI Criminal Background Fee	2,250	0	0	0	0	2,250
Other Charges for Services	300,000	0	130	0	0	300,130
Total Charges for Current Services	\$ 311,160	\$ 0	\$ 186,001	\$ 59,000	\$ 0	\$ 556,161

(Continued)

Exhibit L-9

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ (28,258)	\$ 0	\$ 1,685	\$ 0	\$ 0	\$ (26,573)
Lease/Rentals	500	0	0	0	0	500
Sale of Recycled Materials	10,896	0	0	0	0	10,896
Rebates	0	0	6,496	0	0	6,496
Miscellaneous Refunds	81,460	0	106	0	0	81,566
Expenditure Credits	104,893	0	500	0	0	105,393
<u>Nonrecurring Items</u>						
Sale of Equipment	220,726	0	0	0	0	220,726
Sale of Property	639,501	0	0	0	0	639,501
Contributions and Gifts	390,043	0	0	0	0	390,043
<u>Other Local Revenues</u>						
Other Local Revenues	405	0	0	0	2,406,640	2,407,045
Total Other Local Revenues	<u>\$ 1,420,166</u>	<u>\$ 0</u>	<u>\$ 8,787</u>	<u>\$ 0</u>	<u>\$ 2,406,640</u>	<u>\$ 3,835,593</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 652,567	\$ 0	\$ 0	\$ 0	\$ 0	\$ 652,567
<u>State Education Funds</u>						
Basic Education Program	40,739,981	0	0	0	0	40,739,981
Early Childhood Education	666,382	0	0	0	0	666,382
School Food Service	0	0	44,374	0	0	44,374
Energy Efficient School Initiative	461,076	0	0	0	0	461,076
Other State Education Funds	2,217,524	0	0	0	0	2,217,524
Career Ladder Program	87,946	0	0	0	0	87,946

(Continued)

Exhibit L-9

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	\$ 1,688,392	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,688,392
Total State of Tennessee	\$ 46,513,868	\$ 0	\$ 44,374	\$ 0	\$ 0	\$ 46,558,242
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 4,439,963	\$ 0	\$ 0	\$ 4,439,963
USDA - Commodities	0	0	340,816	0	0	340,816
Breakfast	0	0	1,237,544	0	0	1,237,544
USDA - Other	0	0	41,526	0	0	41,526
Vocational Education - Basic Grants to States	0	204,217	0	0	0	204,217
Title I Grants to Local Education Agencies	0	2,733,550	0	0	0	2,733,550
Special Education - Grants to States	0	2,551,418	0	0	0	2,551,418
Special Education Preschool Grants	0	28,234	0	0	0	28,234
Education for Homeless Children and Youth	0	46,209	0	0	0	46,209
Eisenhower Professional Development State Grants	0	383,350	0	0	0	383,350
COVID-19 Grant #1	0	880,358	0	0	0	880,358
COVID-19 Grant B	0	3,543,493	0	0	0	3,543,493
COVID-19 Grant D	0	279,144	0	0	0	279,144
American Rescue Plan Act Grant #1	0	540,432	0	0	0	540,432
American Rescue Plan Act Grant #2	0	119,170	0	0	0	119,170
American Rescue Plan Act Grant #3	0	357	0	0	0	357
American Rescue Plan Act Grant #4	0	5,545	0	0	0	5,545
Other Federal through State	0	1,041,698	0	0	0	1,041,698

(Continued)

Exhibit L-9

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
Federal Government (Cont.)						
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	\$ 119,096	\$ 0	\$ 0	\$ 0	\$ 0	\$ 119,096
Other Direct Federal Revenue	0	0	31,251	0	0	31,251
Total Federal Government	<u>\$ 119,096</u>	<u>\$ 12,357,175</u>	<u>\$ 6,091,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,567,371</u>
Total	<u>\$ 86,788,181</u>	<u>\$ 12,357,175</u>	<u>\$ 6,330,262</u>	<u>\$ 59,000</u>	<u>\$ 2,406,640</u>	<u>\$ 107,941,258</u>

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2022

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	209,286	
Social Security		12,975	
Pensions		4	
Employer Medicare		3,034	
Audit Services		64,847	
Communication		1,200	
Contracts with Government Agencies		68,943	
Data Processing Services		160	
Legal Notices, Recording, and Court Costs		4,104	
Maintenance and Repair Services - Office Equipment		4,544	
Postal Charges		1	
Printing, Stationery, and Forms		372	
Travel		9,821	
Tuition		2,100	
Other Contracted Services		1,149	
Data Processing Supplies		473	
Office Supplies		1,707	
Total County Commission			\$ 384,720

County Mayor/Executive

County Official/Administrative Officer	\$	131,028	
Secretary(ies)		49,467	
Social Security		11,171	
Pensions		10,925	
Life Insurance		51	
Medical Insurance		20,077	
Dental Insurance		783	
Employer Medicare		2,613	
Communication		4,160	
Licenses		300	
Maintenance and Repair Services - Office Equipment		571	
Postal Charges		52	
Travel		9,242	
Office Supplies		376	
Periodicals		150	
Total County Mayor/Executive			240,966

County Attorney

County Official/Administrative Officer	\$	137,579	
Secretary(ies)		35,144	
Social Security		10,466	
Pensions		10,466	
Life Insurance		62	
Medical Insurance		22,463	
Dental Insurance		670	
Employer Medicare		2,448	
Communication		2,955	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)County Attorney (Cont.)

Data Processing Services	\$	3,807	
Dues and Memberships		1,535	
Maintenance and Repair Services - Office Equipment		467	
Postal Charges		381	
Printing, Stationery, and Forms		211	
Travel		1,567	
Data Processing Supplies		847	
Office Supplies		1,265	
Periodicals		1,130	
Total County Attorney			\$ 233,463

Election Commission

County Official/Administrative Officer	\$	107,230	
Clerical Personnel		163,502	
Temporary Personnel		36,067	
Election Commission		18,000	
Election Workers		35,756	
Social Security		19,908	
Pensions		16,348	
Life Insurance		156	
Medical Insurance		47,862	
Dental Insurance		1,794	
Employer Medicare		4,656	
Communication		11,094	
Data Processing Services		24,450	
Dues and Memberships		109	
Legal Notices, Recording, and Court Costs		1,056	
Maintenance and Repair Services - Office Equipment		1,144	
Postal Charges		8,750	
Printing, Stationery, and Forms		1,216	
Travel		6,124	
Data Processing Supplies		803	
Food Supplies		1,018	
Office Supplies		8,333	
Other Supplies and Materials		55	
Other Charges		11,732	
Data Processing Equipment		616,705	
Total Election Commission			1,143,868

Register of Deeds

County Official/Administrative Officer	\$	107,230	
Clerical Personnel		216,639	
Social Security		19,628	
Pensions		19,233	
Life Insurance		179	
Medical Insurance		31,439	
Dental Insurance		1,322	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)Register of Deeds (Cont.)

Unemployment Compensation	\$	2,429	
Employer Medicare		4,590	
Communication		6,042	
Data Processing Services		41,427	
Dues and Memberships		770	
Maintenance and Repair Services - Office Equipment		2,458	
Postal Charges		649	
Printing, Stationery, and Forms		88	
Travel		2,225	
Food Supplies		278	
Office Supplies		4,931	
Total Register of Deeds			\$ 461,557

Planning

Supervisor/Director	\$	64,961	
Clerical Personnel		46,597	
Other Salaries and Wages		200,015	
Board and Committee Members Fees		2,675	
Social Security		18,188	
Pensions		18,605	
Life Insurance		211	
Medical Insurance		83,193	
Dental Insurance		2,249	
Employer Medicare		4,254	
Communication		7,792	
Data Processing Services		10,244	
Dues and Memberships		2,007	
Legal Notices, Recording, and Court Costs		2,475	
Licenses		476	
Maintenance and Repair Services - Office Equipment		4,704	
Maintenance and Repair Services - Vehicles		608	
Postal Charges		451	
Printing, Stationery, and Forms		12	
Travel		749	
Tuition		2,303	
Permits		3,460	
Other Contracted Services		9,658	
Data Processing Supplies		1,190	
Food Supplies		261	
Gasoline		4,219	
Office Supplies		1,904	
Periodicals		312	
Tires and Tubes		257	
Vehicle Parts		785	
Motor Vehicles		23,577	
Total Planning			518,392

(Continued)

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	63,936
Mechanic(s)		82,212
Guards		78,337
Custodial Personnel		79,577
Maintenance Personnel		283,872
Social Security		34,386
Pensions		33,390
Life Insurance		491
Medical Insurance		175,842
Dental Insurance		5,469
Employer Medicare		8,042
Architects		46,750
Communication		8,164
Contracts with Government Agencies		2,550
Data Processing Services		2,373
Evaluation and Testing		7,811
Legal Services		35
Licenses		383
Maintenance Agreements		15,351
Maintenance and Repair Services - Buildings		3,503
Maintenance and Repair Services - Equipment		46,673
Maintenance and Repair Services - Office Equipment		1,920
Maintenance and Repair Services - Vehicles		4,254
Pest Control		8,095
Rentals		345
Tuition		250
Disposal Fees		6,560
Permits		1,460
Other Contracted Services		2,035
Custodial Supplies		18,458
Data Processing Supplies		13,382
Electricity		324,766
Equipment and Machinery Parts		10,612
Food Supplies		410
Garage Supplies		2,225
Gasoline		19,813
General Construction Materials		31,324
Natural Gas		14,086
Office Supplies		3,090
Salt		581
Small Tools		799
Tires and Tubes		3,492
Vehicle Parts		5,320
Water and Sewer		18,428
Chemicals		794
Other Supplies and Materials		1,882
Building Improvements		38,930

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Heating and Air Conditioning Equipment	\$	109,225	
Building Purchases		637,500	
Other Equipment		1,597	
Total County Buildings			\$ 2,260,780

Other Facilities

Contracts with Government Agencies	\$	136,949	
Total Other Facilities			136,949

Preservation of Records

Supervisor/Director	\$	74,809	
Part-time Personnel		28,772	
Social Security		6,206	
Pensions		4,253	
Life Insurance		34	
Medical Insurance		19,292	
Dental Insurance		708	
Employer Medicare		1,451	
Advertising		1,300	
Architects		18,250	
Communication		5,733	
Data Processing Services		2,876	
Maintenance and Repair Services - Office Equipment		1,321	
Postal Charges		15	
Rentals		176	
Tuition		85	
Other Contracted Services		2,323	
Electricity		2,411	
Food Supplies		430	
Office Supplies		5,758	
Other Supplies and Materials		400	
Refunds		725	
Total Preservation of Records			177,328

Risk Management

Supervisor/Director	\$	6,846	
Clerical Personnel		2,075	
Social Security		650	
Employer Medicare		152	
Communication		213	
Postal Charges		80	
Tuition		150	
Other Contracted Services		1,500	
Office Supplies		836	
Building and Contents Insurance		67,698	
Liability Insurance		168,995	
Vehicle and Equipment Insurance		449,758	
Workers' Compensation Insurance		67,883	
Total Risk Management			766,836

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)FinanceAccounting and Budgeting

County Official/Administrative Officer	\$	107,230	
Supervisor/Director		278,472	
Clerical Personnel		424,121	
Social Security		47,500	
Pensions		41,834	
Life Insurance		444	
Medical Insurance		134,926	
Dental Insurance		5,574	
Employer Medicare		11,109	
Accounting Services		450	
Bank Charges		282	
Communication		12,839	
Dues and Memberships		110	
Freight Expenses		391	
Maintenance and Repair Services - Office Equipment		2,278	
Postal Charges		7,166	
Printing, Stationery, and Forms		428	
Travel		629	
Tuition		1,427	
Disposal Fees		365	
Data Processing Supplies		6,402	
Electricity		3,418	
Food Supplies		1,085	
Office Supplies		7,959	
Periodicals		12	
Fines, Assessments, and Penalties		475	
Total Accounting and Budgeting			\$ 1,096,926

Purchasing

County Official/Administrative Officer	\$	107,230
Assistant(s)		119,779
Purchasing Personnel		152,997
Equipment Operators		28,503
Clerical Personnel		66,822
Social Security		28,473
Pensions		28,173
Life Insurance		276
Medical Insurance		80,196
Dental Insurance		2,785
Employer Medicare		6,659
Communication		9,919
Data Processing Services		5,601
Dues and Memberships		1,815
Freight Expenses		634
Legal Notices, Recording, and Court Costs		12,376
Licenses		1,799
Maintenance and Repair Services - Equipment		971

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)Purchasing (Cont.)

Maintenance and Repair Services - Office Equipment	\$	4,099	
Postal Charges		446	
Rentals		646	
Travel		937	
Tuition		2,354	
Maintenance and Repair Services - Records		738	
Custodial Supplies		364	
Data Processing Supplies		5,861	
Duplicating Supplies		132	
Equipment and Machinery Parts		111	
Food Supplies		462	
Gasoline		2,108	
Office Supplies		7,020	
Periodicals		122	
Propane Gas		455	
Vehicle Parts		565	
Data Processing Equipment		3,496	
Total Purchasing			\$ 684,924

Property Assessor's Office

County Official/Administrative Officer	\$	107,230
Assistant(s)		61,755
Supervisor/Director		54,197
Deputy(ies)		418,597
Clerical Personnel		450,017
Board and Committee Members Fees		1,442
Social Security		61,971
Pensions		62,842
Life Insurance		692
Medical Insurance		215,173
Dental Insurance		7,091
Employer Medicare		14,493
Audit Services		49,095
Communication		21,892
Data Processing Services		34,130
Dues and Memberships		2,830
Legal Services		1,500
Legal Notices, Recording, and Court Costs		173
Licenses		164
Maintenance and Repair Services - Office Equipment		7,499
Maintenance and Repair Services - Vehicles		2,715
Postal Charges		9,117
Printing, Stationery, and Forms		2,184
Travel		10,936
Tuition		1,950
Other Contracted Services		24
Data Processing Supplies		185

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Food Supplies	\$	1,099	
Gasoline		7,529	
General Construction Materials		1,500	
Office Supplies		1,396	
Tires and Tubes		423	
Vehicle Parts		711	
Other Supplies and Materials		1,967	
Other Charges		11,698	
Building Improvements		5,751	
Office Equipment		4,200	
Total Property Assessor's Office			\$ 1,636,168

County Trustee's Office

County Official/Administrative Officer	\$	107,230	
Deputy(ies)		213,196	
Part-time Personnel		16,135	
Social Security		20,095	
Pensions		18,658	
Life Insurance		172	
Medical Insurance		79,112	
Dental Insurance		2,019	
Employer Medicare		4,700	
Communication		807	
Data Processing Services		1,590	
Dues and Memberships		1,033	
Legal Notices, Recording, and Court Costs		120	
Licenses		164	
Postal Charges		25,925	
Printing, Stationery, and Forms		11,594	
Rentals		530	
Travel		281	
Data Processing Supplies		798	
Office Supplies		1,021	
Total County Trustee's Office			505,180

County Clerk's Office

County Official/Administrative Officer	\$	107,230	
Deputy(ies)		828,432	
Part-time Personnel		47,217	
Board and Committee Members Fees		480	
Social Security		57,591	
Pensions		56,276	
Life Insurance		686	
Medical Insurance		230,747	
Dental Insurance		7,871	
Unemployment Compensation		1,819	
Employer Medicare		13,469	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Communication	\$	18,325	
Data Processing Services		2,238	
Dues and Memberships		2,446	
Janitorial Services		8,360	
Legal Services		126	
Legal Notices, Recording, and Court Costs		616	
Maintenance Agreements		48,793	
Maintenance and Repair Services - Equipment		493	
Maintenance and Repair Services - Office Equipment		1,294	
Postal Charges		103,185	
Printing, Stationery, and Forms		4,420	
Travel		1,664	
Tuition		160	
Other Contracted Services		1,417	
Custodial Supplies		413	
Data Processing Supplies		15,404	
Food Supplies		645	
General Construction Materials		248	
Office Supplies		16,090	
Building Improvements		1,086	
Furniture and Fixtures		5,116	
Other Equipment		6,700	
Total County Clerk's Office			\$ 1,591,057

Data Processing

Data Processing Services	\$	21,487	
Licenses		65,366	
Maintenance Agreements		117,894	
Maintenance and Repair Services - Office Equipment		4,445	
Other Contracted Services		742	
Data Processing Supplies		32,128	
Office Supplies		622	
Office Equipment		19,891	
Total Data Processing			262,575

Other Finance

Refunds	\$	8,114	
Trustee's Commission		765,758	
Total Other Finance			773,872

Administration of JusticeCircuit Court Judge

Communication	\$	8,444	
Postal Charges		243	
Printing, Stationery, and Forms		287	
Data Processing Supplies		70	
Office Supplies		2,178	
Total Circuit Court Judge			11,222

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court Clerk

County Official/Administrative Officer	\$	107,230	
Clerical Personnel		1,068,451	
Part-time Personnel		72,294	
Social Security		74,018	
Pensions		70,957	
Life Insurance		936	
Medical Insurance		230,061	
Dental Insurance		9,425	
Employer Medicare		17,311	
Bank Charges		88	
Communication		23,297	
Contracts with Other Public Agencies		5,297	
Data Processing Services		46,676	
Dues and Memberships		335	
Freight Expenses		6	
Legal Notices, Recording, and Court Costs		257	
Maintenance and Repair Services - Office Equipment		19,014	
Postal Charges		11,679	
Printing, Stationery, and Forms		12,451	
Travel		1,734	
Data Processing Supplies		438	
Equipment Parts - Light		563	
Food Supplies		772	
Office Supplies		33,273	
Total Circuit Court Clerk			\$ 1,806,563

General Sessions Court

Judge(s)	\$	352,404	
Secretary(ies)		85,161	
Social Security		24,446	
Pensions		26,535	
Life Insurance		122	
Medical Insurance		42,927	
Dental Insurance		1,124	
Employer Medicare		6,146	
Communication		4,674	
Data Processing Services		76	
Dues and Memberships		1,278	
Licenses		583	
Maintenance and Repair Services - Office Equipment		570	
Postal Charges		409	
Printing, Stationery, and Forms		1,317	
Tuition		412	
Data Processing Supplies		65	
Food Supplies		219	
Library Books/Media		774	
Office Supplies		2,321	
Periodicals		5,630	
Total General Sessions Court			557,193

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Judge

Judge(s)	\$	352,404	
Assistant(s)		77,506	
Secretary(ies)		40,716	
Social Security		24,901	
Pensions		28,553	
Life Insurance		156	
Medical Insurance		43,094	
Dental Insurance		2,266	
Employer Medicare		6,743	
Communication		4,674	
Data Processing Services		623	
Dues and Memberships		2,969	
Maintenance and Repair Services - Office Equipment		1,836	
Postal Charges		769	
Printing, Stationery, and Forms		6,891	
Travel		2,046	
Tuition		150	
Data Processing Supplies		428	
Library Books/Media		584	
Office Supplies		1,216	
Periodicals		1,119	
Total General Sessions Judge			\$ 599,644

Drug Court

Supervisor/Director	\$	40,154	
Social Security		2,356	
Pensions		2,306	
Life Insurance		26	
Employer Medicare		551	
Communication		3,907	
Data Processing Services		2	
Licenses		76	
Travel		1,874	
Tuition		7,791	
Drug Treatment		27,050	
Other Contracted Services		1,479	
Office Supplies		4,811	
Other Supplies and Materials		276	
Total Drug Court			92,659

Chancery Court

County Official/Administrative Officer	\$	107,230	
Clerical Personnel		317,169	
Part-time Personnel		12,744	
Social Security		25,769	
Pensions		25,331	
Life Insurance		268	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court (Cont.)

Medical Insurance	\$	78,023	
Dental Insurance		2,609	
Employer Medicare		6,027	
Communication		10,867	
Data Processing Services		24,475	
Dues and Memberships		3,468	
Maintenance and Repair Services - Office Equipment		4,801	
Postal Charges		3,528	
Printing, Stationery, and Forms		1,364	
Rentals		288	
Travel		634	
Other Contracted Services		286	
Food Supplies		209	
Office Supplies		10,775	
Periodicals		298	
Office Equipment		4,400	
Total Chancery Court			\$ 640,563

Juvenile Court

Probation Officer(s)	\$	30,498	
Guidance Personnel		355,560	
Secretary(ies)		83,344	
Clerical Personnel		41,216	
Social Security		30,281	
Pensions		28,901	
Life Insurance		309	
Medical Insurance		117,017	
Dental Insurance		3,550	
Employer Medicare		7,082	
Communication		1,336	
Data Processing Services		567	
Dues and Memberships		320	
Evaluation and Testing		500	
Legal Services		18,000	
Maintenance and Repair Services - Equipment		12	
Maintenance and Repair Services - Office Equipment		448	
Maintenance and Repair Services - Vehicles		54	
Printing, Stationery, and Forms		98	
Other Contracted Services		54,418	
Data Processing Supplies		3,231	
Food Supplies		230	
Gasoline		292	
Library Books/Media		239	
Office Supplies		2,202	
Periodicals		432	
Total Juvenile Court			780,137

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)District Attorney General

Assistant(s)	\$	206,691	
Supervisor/Director		41,319	
Salary Supplements		4,256	
Secretary(ies)		26,701	
Social Security		16,286	
Pensions		16,649	
Life Insurance		143	
Medical Insurance		28,803	
Dental Insurance		1,186	
Employer Medicare		3,809	
Data Processing Services		1,920	
Postal Charges		93	
Travel		3,721	
Tuition		365	
Other Contracted Services		95	
Instructional Supplies and Materials		4,500	
Office Supplies		405	
Total District Attorney General			\$ 356,942

Office of Public Defender

Paraprofessionals	\$	93,580	
Social Security		5,940	
Pensions		5,777	
Life Insurance		29	
Medical Insurance		3,468	
Dental Insurance		129	
Employer Medicare		1,389	
Licenses		400	
Travel		808	
Total Office of Public Defender			111,520

Judicial Commissioners

Other Salaries and Wages	\$	66,188	
Social Security		4,104	
Employer Medicare		960	
Dues and Memberships		400	
Data Processing Supplies		86	
Office Supplies		196	
Total Judicial Commissioners			71,934

Other Administration of Justice

Jury and Witness Expense	\$	47,907	
Legal Services		2,775	
Total Other Administration of Justice			50,682

Courtroom Security

Deputy(ies)	\$	215,470	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Courtroom Security (Cont.)

Part-time Personnel	\$	45,984	
Social Security		15,515	
Pensions		13,055	
Life Insurance		176	
Medical Insurance		66,544	
Dental Insurance		2,147	
Employer Medicare		3,629	
Maintenance and Repair Services - Equipment		59	
Law Enforcement Supplies		96,683	
Office Supplies		353	
Uniforms		2,866	
Total Courtroom Security			\$ 462,481

Victim Assistance Programs

Remittance of Revenue Collected	\$	74,067	
Total Victim Assistance Programs			74,067

Public SafetySheriff's Department

County Official/Administrative Officer	\$	125,588	
Assistant(s)		247,043	
Deputy(ies)		2,626,754	
Captain(s)		385,283	
Lieutenant(s)		588,873	
Sergeant(s)		1,554,522	
Mechanic(s)		141,258	
Dispatchers/Radio Operators		663,872	
Secretary(ies)		467,304	
School Resource Officer		674,888	
Social Security		448,936	
Pensions		442,755	
Life Insurance		4,865	
Medical Insurance		1,610,220	
Dental Insurance		49,741	
Unemployment Compensation		1,206	
Employer Medicare		104,629	
Advertising		3,136	
Architects		6,500	
Bank Charges		65	
Communication		83,383	
Data Processing Services		149,565	
Dues and Memberships		10,769	
Freight Expenses		747	
Lease Payments		23,280	
Licenses		33,202	
Maintenance and Repair Services - Buildings		803	
Maintenance and Repair Services - Equipment		58,127	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Maintenance and Repair Services - Office Equipment	\$	15,215	
Maintenance and Repair Services - Vehicles		15,521	
Medical and Dental Services		3,075	
Pest Control		424	
Postal Charges		7,541	
Printing, Stationery, and Forms		2,944	
Rentals		1,199	
Towing Services		6,160	
Transportation - Other than Students		328,614	
Travel		62,508	
Tuition		56,930	
Veterinary Services		4,023	
Disposal Fees		2,631	
Permits		82	
Other Contracted Services		12,018	
Animal Food and Supplies		5,499	
Custodial Supplies		28,034	
Data Processing Supplies		24,380	
Diesel Fuel		1,000	
Equipment and Machinery Parts		4,401	
Food Supplies		3,281	
Garage Supplies		529	
Gasoline		436,315	
General Construction Materials		5,828	
Instructional Supplies and Materials		1,021	
Law Enforcement Supplies		118,824	
Lubricants		5,429	
Office Supplies		25,205	
Periodicals		229	
Small Tools		7,539	
Tires and Tubes		30,383	
Uniforms		79,038	
Vehicle Parts		118,805	
Water and Sewer		1,661	
Other Supplies and Materials		6,439	
Other Charges		3,333	
Motor Vehicles		818,625	
Total Sheriff's Department			\$ 12,751,997

Administration of the Sexual Offender Registry

Communication	\$	444	
Maintenance and Repair Services - Office Equipment		588	
Travel		709	
Tuition		200	
Other Contracted Services		6,280	
Data Processing Supplies		831	
Office Supplies		415	
Total Administration of the Sexual Offender Registry			9,467

(Continued)

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$ 154,790
Deputy(ies)	4,247,983
Captain(s)	125,012
Lieutenant(s)	436,969
Sergeant(s)	278,219
Psychological Personnel	47,389
Medical Personnel	505,842
Cafeteria Personnel	239,224
Board and Committee Members Fees	9,375
Social Security	362,654
Pensions	362,592
Life Insurance	4,144
Medical Insurance	1,066,543
Dental Insurance	38,067
Employer Medicare	84,815
Advertising	74
Communication	21,700
Contracts with Private Agencies	19,110
Data Processing Services	194,018
Dues and Memberships	3,545
Evaluation and Testing	4,446
Freight Expenses	879
Licenses	3,274
Maintenance and Repair Services - Buildings	7,662
Maintenance and Repair Services - Equipment	98,940
Maintenance and Repair Services - Office Equipment	10,693
Maintenance and Repair Services - Vehicles	450
Medical and Dental Services	638,873
Pest Control	1,878
Printing, Stationery, and Forms	1,171
Rentals	3,273
Transportation - Other than Students	49,862
Travel	27,737
Tuition	16,996
Disposal Fees	9,529
Permits	82
Other Contracted Services	65,072
Animal Food and Supplies	278
Custodial Supplies	56,652
Data Processing Supplies	18,164
Diesel Fuel	2,000
Drugs and Medical Supplies	53,387
Electricity	308,000
Equipment and Machinery Parts	59,026
Food Preparation Supplies	41,108
Food Supplies	1,100,977
Garage Supplies	427

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Gasoline	\$	71,450	
General Construction Materials		8,564	
Law Enforcement Supplies		57,147	
Lubricants		2,000	
Natural Gas		93,598	
Office Supplies		16,130	
Prisoners Clothing		57,643	
Tires and Tubes		3,999	
Uniforms		49,204	
Vehicle Parts		7,697	
Water and Sewer		226,611	
Other Supplies and Materials		49,151	
Motor Vehicles		135,868	
Office Equipment		828	
Total Jail			\$ 11,562,791

Workhouse

Deputy(ies)	\$	71,969	
Social Security		4,275	
Pensions		4,418	
Life Insurance		62	
Medical Insurance		16,238	
Dental Insurance		453	
Employer Medicare		1,000	
Disposal Fees		1,441	
Custodial Supplies		2,192	
Total Workhouse			102,048

Juvenile Services

Contracts with Government Agencies	\$	489,507	
Contributions		307,180	
Total Juvenile Services			796,687

Fire Prevention and Control

Contributions	\$	2,010,879	
Total Fire Prevention and Control			2,010,879

Civil Defense

Supervisor/Director	\$	67,939	
Medical Personnel		413,727	
Secretary(ies)		35,412	
Part-time Personnel		48,949	
Social Security		33,735	
Pensions		30,622	
Life Insurance		302	
Medical Insurance		88,237	
Dental Insurance		3,243	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Civil Defense (Cont.)

Employer Medicare	\$	7,890	
Advertising		277	
Bank Charges		78	
Communication		4,350	
Dues and Memberships		2,975	
Licenses		492	
Maintenance and Repair Services - Office Equipment		50	
Postal Charges		10	
Tuition		70	
Data Processing Supplies		1,596	
Food Supplies		121	
Gasoline		5,422	
Office Supplies		1,309	
Uniforms		3,016	
Vehicle Parts		926	
Other Supplies and Materials		132	
Total Civil Defense			\$ 750,880

Rescue Squad

Contributions	\$	1,363,918	
Total Rescue Squad			1,363,918

Disaster Relief

Other Contracted Services	\$	20,135	
Data Processing Supplies		358	
Other Supplies and Materials		7,120	
Total Disaster Relief			27,613

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	80,580	
Communication		522	
Contributions		369,252	
Maintenance and Repair Services - Vehicles		928	
Other Contracted Services		144,375	
Data Processing Supplies		119	
Drugs and Medical Supplies		3,939	
Gasoline		5,924	
Uniforms		326	
Vehicle Parts		331	
Other Charges		4,280	
Total County Coroner/Medical Examiner			610,576

Other Public Safety

Communication	\$	1,861	
Dues and Memberships		195	
Licenses		20	
Maintenance Agreements		8,854	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Other Public Safety (Cont.)

Maintenance and Repair Services - Equipment	\$	26,115	
Postal Charges		39,468	
Travel		1,612	
Electricity		12,295	
Equipment Parts - Light		23,305	
Natural Gas		632	
Tires and Tubes		903	
Other Supplies and Materials		6,845	
Motor Vehicles		45,462	
Total Other Public Safety			\$ 167,567

Public Health and WelfareLocal Health Center

County Official/Administrative Officer	\$	89,111
Assistant(s)		320,321
Supervisor/Director		388,543
Teachers		559,236
Medical Personnel		1,858,003
Education Media Personnel		57
Clerical Personnel		532,110
Custodial Personnel		40,515
Part-time Personnel		2,418
Social Security		217,932
Pensions		214,878
Life Insurance		2,246
Medical Insurance		620,478
Dental Insurance		22,584
Unemployment Compensation		4,681
Employer Medicare		52,063
Bank Charges		12,302
Communication		84,658
Contracts with Government Agencies		176,248
Contracts with Private Agencies		25,827
Data Processing Services		11,323
Freight Expenses		466
Licenses		2,835
Maintenance and Repair Services - Buildings		5,969
Maintenance and Repair Services - Equipment		74,241
Maintenance and Repair Services - Vehicles		90
Medical and Dental Services		1,626,166
Pest Control		1,934
Postal Charges		12,941
Printing, Stationery, and Forms		14,569
Rentals		10,511
Travel		7,873
Tuition		5,662
Disposal Fees		6,301

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Other Contracted Services	\$	119,824	
Custodial Supplies		3,705	
Data Processing Supplies		136,736	
Drugs and Medical Supplies		293,710	
Electricity		85,603	
Equipment and Machinery Parts		2,813	
Food Supplies		4,319	
Gasoline		2,709	
General Construction Materials		9,701	
Instructional Supplies and Materials		70,620	
Natural Gas		5,724	
Office Supplies		22,344	
Periodicals		1,123	
Tires and Tubes		294	
Uniforms		1,657	
Vehicle Parts		727	
Water and Sewer		21,988	
Other Supplies and Materials		175,160	
Building Improvements		178,840	
Building Purchases		363,128	
Health Equipment		7,638	
Total Local Health Center			\$ 8,513,455

Rabies and Animal Control

Truck Drivers	\$	50,258
Laborers		21,060
Clerical Personnel		94,131
Part-time Personnel		121,618
Social Security		16,779
Pensions		9,559
Life Insurance		120
Medical Insurance		28,707
Dental Insurance		1,303
Employer Medicare		3,924
Bank Charges		2,234
Communication		4,253
Licenses		2,950
Maintenance and Repair Services - Buildings		2,537
Maintenance and Repair Services - Equipment		1,036
Maintenance and Repair Services - Vehicles		429
Pest Control		854
Postal Charges		372
Veterinary Services		25,791
Disposal Fees		2,158
Animal Food and Supplies		6,993
Custodial Supplies		11,091
Data Processing Supplies		692

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Health and Welfare (Cont.)Rabies and Animal Control (Cont.)

Drugs and Medical Supplies	\$	48,114	
Electricity		9,552	
Food Supplies		377	
Gasoline		6,739	
General Construction Materials		1,128	
Natural Gas		6,135	
Office Supplies		2,256	
Tires and Tubes		380	
Uniforms		533	
Vehicle Parts		582	
Water and Sewer		2,628	
Total Rabies and Animal Control			\$ 487,273

Ambulance/Emergency Medical Services

Architects	\$	3,300	
Total Ambulance/Emergency Medical Services			3,300

Other Local Health Services

Contributions	\$	28,000	
Total Other Local Health Services			28,000

Regional Mental Health Center

Contracts with Government Agencies	\$	14,100	
Contributions		71,725	
Total Regional Mental Health Center			85,825

Aid to Dependent Children

Contributions	\$	28,550	
Total Aid to Dependent Children			28,550

Other Local Welfare Services

Pauper Burials	\$	27,750	
Total Other Local Welfare Services			27,750

Other Public Health and Welfare

Contributions	\$	58,800	
Total Other Public Health and Welfare			58,800

Social, Cultural, and Recreational ServicesLibraries

Supervisor/Director	\$	101,510	
Clerical Personnel		291,954	
Custodial Personnel		7,866	
Part-time Personnel		160,613	
Social Security		33,616	
Pensions		21,959	
Life Insurance		270	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Medical Insurance	\$	73,254	
Dental Insurance		2,481	
Employer Medicare		7,862	
Advertising		1,919	
Communication		22,035	
Contracts with Private Agencies		8,499	
Contributions		30,000	
Data Processing Services		11,417	
Dues and Memberships		700	
Janitorial Services		35	
Licenses		210	
Maintenance and Repair Services - Buildings		1,475	
Maintenance and Repair Services - Equipment		72	
Maintenance and Repair Services - Office Equipment		1,166	
Matching Share		11,824	
Medical and Dental Services		54	
Pest Control		1,018	
Postal Charges		188	
Rentals		276	
Travel		2,806	
Tuition		530	
Disposal Fees		234	
Other Contracted Services		453	
Custodial Supplies		3,228	
Data Processing Supplies		15,756	
Electricity		18,009	
Food Supplies		417	
General Construction Materials		3,374	
Instructional Supplies and Materials		30,243	
Library Books/Media		34,687	
Natural Gas		4,735	
Office Supplies		38,704	
Periodicals		1,978	
Water and Sewer		1,616	
Other Charges		22	
Total Libraries			\$ 949,065

Parks and Fair Boards

Supervisor/Director	\$	24,731
Laborers		31,800
Temporary Personnel		76,482
Social Security		8,089
Pensions		3,567
Life Insurance		42
Medical Insurance		16,126
Dental Insurance		564
Unemployment Compensation		3,329

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Parks and Fair Boards (Cont.)

Employer Medicare	\$	1,892	
Communication		2,064	
Contributions		196,270	
Data Processing Services		84	
Licenses		294	
Maintenance and Repair Services - Equipment		4,153	
Maintenance and Repair Services - Vehicles		2,991	
Postal Charges		36	
Printing, Stationery, and Forms		8	
Disposal Fees		3,666	
Other Contracted Services		1,176	
Custodial Supplies		898	
Data Processing Supplies		513	
Electricity		56,830	
Equipment Parts - Light		10,994	
Garage Supplies		54	
Gasoline		4,429	
General Construction Materials		8,381	
Ice		5,576	
Office Supplies		660	
Propane Gas		1,444	
Small Tools		718	
Tires and Tubes		763	
Uniforms		402	
Vehicle Parts		2,108	
Water and Sewer		53,189	
Other Supplies and Materials		95	
Refunds		2,203	
Other Equipment		32,971	
Other Capital Outlay		1,130	
Total Parks and Fair Boards			\$ 560,722

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$	836	
Contributions		2,450	
Matching Share		165,984	
Total Agricultural Extension Service			169,270

Forest Service

Communication	\$	1,000	
Total Forest Service			1,000

Soil Conservation

Secretary(ies)	\$	36,481	
Social Security		3,074	
Pensions		3,150	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Soil Conservation (Cont.)

Life Insurance	\$	52	
Medical Insurance		16,490	
Dental Insurance		556	
Employer Medicare		719	
Total Soil Conservation			\$ 60,522

Other OperationsTourism

Contributions	\$	12,500	
Total Tourism			12,500

Industrial Development

Contributions	\$	603,940	
Electricity		435	
Site Development		6,000	
Total Industrial Development			610,375

Other Economic and Community Development

Contributions	\$	18,730	
Total Other Economic and Community Development			18,730

Veterans' Services

Supervisor/Director	\$	42,161	
Clerical Personnel		9,928	
Social Security		3,198	
Pensions		3,122	
Life Insurance		34	
Dental Insurance		37	
Employer Medicare		748	
Communication		2,888	
Contributions		11,662	
Legal Notices, Recording, and Court Costs		591	
Licenses		1,036	
Postal Charges		37	
Travel		202	
Data Processing Supplies		88	
Office Supplies		292	
Total Veterans' Services			76,024

Employee Benefits

Employee and Dependent Insurance	\$	150,022	
Other Fringe Benefits		2,753	
Medical and Dental Services		31,257	
Total Employee Benefits			184,032

American Rescue Plan Act Grant #1

Bonus Payments	\$	1,224,000	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Other Operations (Cont.)American Rescue Plan Act Grant #1 (Cont.)

Social Security	\$	75,702	
Pensions		68,925	
Employer Medicare		17,727	
Total American Rescue Plan Act Grant #1			\$ 1,386,354

Miscellaneous

Dues and Memberships	\$	57,521	
Other Charges		190,777	
Total Miscellaneous			248,298

InstructionCareer and Technical Education Program

Contributions	\$	20,678	
Total Career and Technical Education Program			20,678

Other

Contracts with Other Public Agencies	\$	141,669	
Total Other			141,669

Principal on DebtGeneral Government

Principal on Other Loans	\$	617,255	
Total General Government			617,255

Interest on DebtGeneral Government

Interest on Other Loans	\$	31,936	
Total General Government			31,936

Capital ProjectsSocial, Cultural, and Recreation Projects

Contracts with Government Agencies	\$	1,877	
Total Social, Cultural, and Recreation Projects			1,877

Capital Projects - DonatedCapital Projects Donated to Other Entities

Other Supplies and Materials	\$	123,247	
Total Capital Projects Donated to Other Entities			123,247

Total General Fund \$ 63,092,098

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Education/Information

Communication	\$	3,521	
Travel		427	
Total Sanitation Education/Information			\$ 3,948

(Continued)

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations

Supervisor/Director	\$	101,565
Truck Drivers		274,168
Guards		33,188
Clerical Personnel		674
Maintenance Personnel		181,875
Part-time Personnel		96,996
Social Security		41,012
Pensions		33,450
Employee and Dependent Insurance		10,348
Life Insurance		425
Medical Insurance		129,910
Dental Insurance		4,348
Employer Medicare		9,591
Communication		7,279
Dues and Memberships		8,835
Evaluation and Testing		1,250
Licenses		273
Maintenance Agreements		36
Maintenance and Repair Services - Buildings		263
Maintenance and Repair Services - Equipment		33,799
Maintenance and Repair Services - Office Equipment		78
Maintenance and Repair Services - Vehicles		85,402
Medical and Dental Services		140
Postal Charges		618
Printing, Stationery, and Forms		311
Rentals		9,914
Travel		1,629
Tuition		2,661
Disposal Fees		286,496
Permits		3,150
Other Contracted Services		22,155
Data Processing Supplies		3,106
Electricity		24,860
Equipment Parts - Light		519
Equipment and Machinery Parts		1,567
Fuel Oil		8,459
Garage Supplies		9,065
Gasoline		9,910
General Construction Materials		326
Lubricants		126,990
Office Supplies		2,889
Propane Gas		3,293
Tires and Tubes		32,557
Uniforms		876
Vehicle Parts		12,160
Water and Sewer		8,197
Other Supplies and Materials		14,927

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Transfer Stations (Cont.)

Trustee's Commission	\$	23,522	
Workers' Compensation Insurance		2,467	
Solid Waste Equipment		6,488	
Total Transfer Stations			\$ 1,674,017

Total Solid Waste/Sanitation Fund

\$ 1,677,965

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Captain(s)	\$	246,900
Lieutenant(s)		168,164
Medical Personnel		3,619,209
Clerical Personnel		253,544
Part-time Personnel		234,311
Social Security		267,897
Pensions		254,039
Employee and Dependent Insurance		1,157
Life Insurance		2,204
Medical Insurance		709,648
Dental Insurance		24,636
Unemployment Compensation		568
Employer Medicare		62,653
Bank Charges		909
Communication		118,179
Consultants		18,000
Data Processing Services		311,250
Dues and Memberships		1,589
Evaluation and Testing		983
Freight Expenses		258
Legal Services		404
Licenses		6,082
Maintenance Agreements		240
Maintenance and Repair Services - Buildings		1,831
Maintenance and Repair Services - Equipment		36,537
Maintenance and Repair Services - Vehicles		1,629
Medical and Dental Services		6,915
Pest Control		1,895
Postal Charges		1,280
Printing, Stationery, and Forms		621
Rentals		798
Towing Services		3,300
Travel		1,449
Tuition		1,000
Disposal Fees		8,096
Other Contracted Services		96,278
Custodial Supplies		2,329

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Ambulance Service Fund (Cont.)Public Health and Welfare (Cont.)Ambulance/Emergency Medical Services (Cont.)

Data Processing Supplies	\$	22,264	
Diesel Fuel		196,562	
Drugs and Medical Supplies		257,734	
Electricity		41,594	
Equipment Parts - Light		3,727	
Equipment and Machinery Parts		31,611	
Food Supplies		3,576	
Gasoline		29,563	
Instructional Supplies and Materials		3,845	
Lubricants		6,011	
Natural Gas		6,617	
Office Supplies		23	
Tires and Tubes		29,506	
Uniforms		33,151	
Utilities		4,608	
Vehicle Parts		104,854	
Water and Sewer		4,280	
Other Supplies and Materials		14,931	
Refunds		86,108	
Trustee's Commission		77,607	
Vehicle and Equipment Insurance		994	
Workers' Compensation Insurance		79,907	
Communication Equipment		7,968	
Motor Vehicles		366,700	
Other Capital Outlay		2,500	
Total Ambulance/Emergency Medical Services			\$ 7,883,023

Total Ambulance Service Fund \$ 7,883,023

Drug Control FundPublic SafetySheriff's Department

Communication	\$	6,543	
Data Processing Services		8,047	
Freight Expenses		30	
Lease Payments		24,385	
Licenses		109	
Matching Share		9,800	
Rentals		3,000	
Towing Services		120	
Travel		23,277	
Tuition		1,375	
Other Contracted Services		4,475	
Data Processing Supplies		1,869	
Law Enforcement Supplies		12,345	
Office Supplies		718	
Vehicle Parts		156	

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

<u>Drug Control Fund (Cont.)</u>			
<u>Public Safety (Cont.)</u>			
<u>Sheriff's Department (Cont.)</u>			
Trustee's Commission	\$	1,296	
Motor Vehicles		18,505	
Site Development		24,247	
Other Capital Outlay		<u>5,777</u>	
Total Sheriff's Department			<u>\$ 146,074</u>
Total Drug Control Fund			\$ 146,074
<u>Other General Government Special Revenue Fund</u>			
<u>Other Operations</u>			
<u>American Rescue Plan Act Grant #1</u>			
Motor Vehicles	\$	<u>68,504</u>	
Total American Rescue Plan Act Grant #1			<u>\$ 68,504</u>
Total Other General Government Special Revenue Fund			68,504
<u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Register of Deeds</u>			
Constitutional Officers' Operating Expenses	\$	<u>798</u>	
Total Register of Deeds			\$ 798
<u>Finance</u>			
<u>County Clerk's Office</u>			
Constitutional Officers' Operating Expenses	\$	<u>2,853</u>	
Total County Clerk's Office			2,853
<u>Administration of Justice</u>			
<u>Circuit Court</u>			
Constitutional Officers' Operating Expenses	\$	<u>691</u>	
Total Circuit Court			691
<u>General Sessions Court</u>			
Constitutional Officers' Operating Expenses	\$	<u>3,032</u>	
Total General Sessions Court			3,032
<u>Chancery Court</u>			
Special Commissioner Fees/Special Master Fees	\$	<u>2,070</u>	
Constitutional Officers' Operating Expenses		<u>884</u>	
Total Chancery Court			2,954
<u>Public Safety</u>			
<u>Sheriff's Department</u>			
Constitutional Officers' Operating Expenses	\$	<u>859</u>	
Total Sheriff's Department			<u>859</u>
Total Constitutional Officers - Fees Fund			11,187

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	124,788	
Social Security		7,635	
Pensions		7,575	
Life Insurance		31	
Medical Insurance		13,321	
Dental Insurance		217	
Employer Medicare		1,786	
Communication		22,340	
Consultants		1,875	
Data Processing Services		1,896	
Dues and Memberships		5,012	
Evaluation and Testing		3,518	
Licenses		123	
Maintenance and Repair Services - Office Equipment		2,303	
Postal Charges		200	
Printing, Stationery, and Forms		377	
Rentals		276	
Other Contracted Services		428	
Custodial Supplies		521	
Data Processing Supplies		169	
Electricity		26,753	
Natural Gas		7,692	
Office Supplies		678	
Uniforms		100	
Water and Sewer		5,233	
Trustee's Commission		133,101	
Total Administration			\$ 367,948

Highway and Bridge Maintenance

Assistant(s)	\$	217,287
Supervisor/Director		448,187
Paraprofessionals		44,112
Foremen		390,190
Mechanic(s)		256,818
Equipment Operators		9,460
Equipment Operators - Heavy		634,885
Equipment Operators - Light		872,106
Truck Drivers		710,703
Dispatchers/Radio Operators		24,553
Laborers		80,435
Clerical Personnel		83
Custodial Personnel		34,125
Temporary Personnel		38,241
Part-time Personnel		149,870
Social Security		233,617
Pensions		224,342
Employee and Dependent Insurance		49,573

(Continued)

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Life Insurance	\$	2,847	
Medical Insurance		1,082,895	
Dental Insurance		33,016	
Employer Medicare		54,636	
Data Processing Services		999	
Dues and Memberships		30	
Evaluation and Testing		1,406	
Licenses		428	
Maintenance and Repair Services - Buildings		333	
Maintenance and Repair Services - Equipment		643	
Postal Charges		21	
Rentals		5,147	
Tuition		100	
Disposal Fees		49	
Permits		850	
Contracts for Landfill Facilities		280	
Other Contracted Services		6,160	
Concrete		5,821	
Crushed Stone		129,208	
Custodial Supplies		3,243	
Data Processing Supplies		1,935	
Drugs and Medical Supplies		1,990	
Equipment Parts - Light		4,903	
Fertilizer, Lime, and Seed		5,016	
General Construction Materials		46,334	
Office Supplies		1,926	
Other Road Materials		30,238	
Pipe - Metal		60,549	
Propane Gas		60	
Salt		177,922	
Sand		190	
Small Tools		895	
T&I Construction Materials		2,294	
Uniforms		24,662	
Wood Products		701	
Clay		5,760	
Other Supplies and Materials		2,202	
Total Highway and Bridge Maintenance			\$ 6,114,276

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	7,852
Maintenance and Repair Services - Vehicles		6,054
Disposal Fees		3,014
Custodial Supplies		1,382
Diesel Fuel		207,153
Equipment Parts - Heavy		53,705
Equipment Parts - Light		27,496

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Equipment and Machinery Parts	\$	10,486	
Garage Supplies		26,386	
Gasoline		161,999	
Lubricants		18,762	
Office Supplies		836	
Small Tools		7,013	
Structural Steel		2,039	
Tires and Tubes		49,911	
Uniforms		200	
Vehicle Parts		97,511	
Other Supplies and Materials		2,254	
Total Operation and Maintenance of Equipment			\$ 684,053

Asphalt Plant Operations

Licenses	\$	300	
Maintenance and Repair Services - Buildings		1,720	
Maintenance and Repair Services - Equipment		7,131	
Asphalt		1,198,636	
Asphalt - Cold Mix		4,650	
Crushed Stone		606,213	
Electricity		59,004	
Equipment Parts - Heavy		32,980	
Equipment Parts - Light		820	
Lubricants		22,031	
Natural Gas		94,946	
Water and Sewer		743	
Chemicals		117	
Total Asphalt Plant Operations			2,029,291

Traffic Control

Other Road Materials	\$	180	
Road Signs		35,007	
Total Traffic Control			35,187

Other Charges

Vehicle and Equipment Insurance	\$	138,532	
Workers' Compensation Insurance		122,502	
Total Other Charges			261,034

Capital Outlay

Highway Equipment	\$	955,777	
Motor Vehicles		208,669	
Other Capital Outlay		2,644	
Total Capital Outlay			1,167,090

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)Principal on DebtHighways and Streets

Principal on Other Loans	\$ 82,490	
Total Highways and Streets		\$ 82,490

Interest on DebtHighways and Streets

Interest on Other Loans	\$ 7,510	
Total Highways and Streets		7,510

Capital ProjectsHighway and Street Capital Projects

State Aid Projects	\$ 191,738	
Total Highway and Street Capital Projects		191,738

Total Highway/Public Works Fund		\$ 10,940,617

General Debt Service FundFinanceOther Finance

Trustee's Commission	\$ 303,103	
Total Other Finance		\$ 303,103

Principal on DebtGeneral Government

Principal on Bonds	\$ 6,320,000	
Total General Government		6,320,000

Education

Principal on Bonds	\$ 2,845,000	
Principal on Notes	160,056	
Principal on Other Loans	1,709,915	
Total Education		4,714,971

Interest on DebtGeneral Government

Interest on Bonds	\$ 3,248,204	
Total General Government		3,248,204

Education

Interest on Bonds	\$ 5,026,881	
Interest on Notes	10,684	
Interest on Other Loans	493,612	
Total Education		5,531,177

Other Debt ServiceGeneral Government

Bank Charges	\$ 400	
Nonexchange Financial Guarantees	163,825	
Other Debt Service	1,250	
Total General Government		165,475

(Continued)

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund (Cont.)Other Debt Service (Cont.)Education

Other Debt Service	\$ 19,938	
Total Education		\$ 19,938

Total General Debt Service Fund \$ 20,302,868

General Capital Projects FundFinanceOther Finance

Trustee's Commission	\$ 74,815	
Total Other Finance		\$ 74,815

Total General Capital Projects Fund 74,815

Other Capital Projects FundOther Debt ServiceGeneral Government

Underwriter's Discount	\$ 37,520	
Other Debt Issuance Charges	52,360	
Total General Government		\$ 89,880

Capital ProjectsPublic Safety Projects

Architects	\$ 2,703,867	
Evaluation and Testing	1,000	
Excess Risk Insurance	139,299	
Building Construction	3,019,005	
Furniture and Fixtures	91,020	
Total Public Safety Projects		5,954,191

Public Health and Welfare Projects

Architects	\$ 4,699	
Bank Charges	10	
Building Construction	1,184,717	
Building Improvements	267,056	
Furniture and Fixtures	219,798	
Other Construction	330	
Other Capital Outlay	1,818	
Total Public Health and Welfare Projects		1,678,428

Total Other Capital Projects Fund 7,722,499

Total Governmental Funds - Primary Government \$ 111,919,650

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2022

General Purpose School FundInstructionRegular Instruction Program

ADA Coordinator	\$ 230,543	
Teachers	26,383,083	
Career Ladder Program	64,800	
Homebound Teachers	66,526	
Salary Supplements	537,838	
Educational Assistants	716,264	
Other Salaries and Wages	834,881	
Social Security	1,681,723	
Pensions	2,567,042	
Life Insurance	14,876	
Medical Insurance	4,575,289	
Dental Insurance	85,832	
Employer Medicare	395,860	
Contracts with Government Agencies	525,182	
Evaluation and Testing	46,583	
Travel	601	
Other Contracted Services	592,353	
Equipment and Machinery Parts	5,191	
Instructional Supplies and Materials	253,777	
Textbooks - Bound	191,477	
Other Supplies and Materials	414	
Other Charges	93,964	
Data Processing Equipment	99,464	
Regular Instruction Equipment	14,846	
Total Regular Instruction Program		\$ 39,978,409

Special Education Program

Teachers	\$ 2,805,675	
Career Ladder Program	4,000	
Homebound Teachers	30,030	
Educational Assistants	480,548	
Speech Pathologist	674,146	
Social Security	233,287	
Pensions	347,779	
Life Insurance	2,300	
Medical Insurance	750,908	
Dental Insurance	13,241	
Employer Medicare	54,811	
Contracts with Private Agencies	7,190	
Evaluation and Testing	8,186	
Other Contracted Services	2,922	
Instructional Supplies and Materials	24,268	
Other Supplies and Materials	2,374	
Special Education Equipment	3,131	
Total Special Education Program		5,444,796

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Instruction (Cont.)Career and Technical Education Program

Teachers	\$	2,142,172	
Social Security		123,877	
Pensions		210,585	
Life Insurance		1,157	
Medical Insurance		394,176	
Dental Insurance		8,052	
Employer Medicare		28,971	
Maintenance and Repair Services - Equipment		856	
Travel		507	
Other Contracted Services		10,617	
General Construction Materials		3,245	
Instructional Supplies and Materials		11,817	
Vocational Instruction Equipment		313	
Total Career and Technical Education Program	\$		2,936,345

Support ServicesHealth Services

Supervisor/Director	\$	116,597	
Medical Personnel		689,222	
Social Security		48,189	
Pensions		70,700	
Life Insurance		695	
Medical Insurance		96,595	
Dental Insurance		924	
Employer Medicare		11,270	
Communication		1,119	
Travel		5,178	
Other Supplies and Materials		31,945	
In Service/Staff Development		1,014	
Total Health Services			1,073,448

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		1,623,952	
Secretary(ies)		25,156	
Social Security		97,049	
Pensions		158,966	
Life Insurance		912	
Medical Insurance		270,512	
Dental Insurance		5,575	
Employer Medicare		22,697	
Total Other Student Support			2,205,819

Regular Instruction Program

Supervisor/Director	\$	506,568	
Career Ladder Program		2,000	

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Librarians	\$	935,879	
Secretary(ies)		68,500	
Clerical Personnel		7,895	
Other Salaries and Wages		246,953	
Social Security		104,754	
Pensions		171,662	
Life Insurance		1,083	
Medical Insurance		291,528	
Dental Insurance		4,601	
Employer Medicare		24,585	
Communication		4,416	
Lease Payments		29,577	
Maintenance Agreements		298,934	
Maintenance and Repair Services - Equipment		1,585	
Printing, Stationery, and Forms		1,264	
Travel		6,329	
Other Contracted Services		25,312	
Gasoline		19,779	
Office Supplies		3,917	
Propane Gas		264	
Other Supplies and Materials		439	
In Service/Staff Development		16,696	
Other Charges		990	
Administration Equipment		248,585	
Data Processing Equipment		84,181	
Total Regular Instruction Program			\$ 3,108,276

Special Education Program

Supervisor/Director	\$	103,578	
Career Ladder Program		500	
Secretary(ies)		8,201	
Other Salaries and Wages		231,607	
Social Security		19,504	
Pensions		29,689	
Life Insurance		183	
Medical Insurance		55,319	
Dental Insurance		1,284	
Employer Medicare		4,561	
Communication		3,375	
Maintenance and Repair Services - Equipment		48	
Travel		14,262	
In Service/Staff Development		2,800	
Total Special Education Program			474,911

Career and Technical Education Program

Supervisor/Director	\$	45,394	

(Continued)

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Career and Technical Education Program (Cont.)

Secretary(ies)	\$	36,996	
Social Security		4,965	
Pensions		6,042	
Life Insurance		47	
Medical Insurance		11,443	
Dental Insurance		300	
Employer Medicare		1,161	
Printing, Stationery, and Forms		7	
Travel		175	
Total Career and Technical Education Program			\$ 106,530

Other Programs

On-behalf Payments to OPEB	\$	652,567	
Total Other Programs			652,567

Board of Education

Board and Committee Members Fees	\$	51,887	
Social Security		2,223	
Unemployment Compensation		20,377	
Employer Medicare		752	
Audit Services		69,050	
Dues and Memberships		11,196	
Legal Services		175,796	
Maintenance Agreements		5,500	
Travel		13,351	
Other Contracted Services		10,125	
Other Supplies and Materials		2,119	
Building and Contents Insurance		72,000	
Liability Insurance		203,536	
Trustee's Commission		441,024	
Workers' Compensation Insurance		447,358	
Total Board of Education			1,526,294

Director of Schools

County Official/Administrative Officer	\$	55,760	
Assistant(s)		8,808	
Career Ladder Program		500	
Secretary(ies)		44,452	
Other Salaries and Wages		19,851	
Social Security		7,362	
Pensions		10,122	
Life Insurance		138	
Medical Insurance		38,253	
Dental Insurance		380	
Employer Medicare		1,775	
Communication		115,522	

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Director of Schools (Cont.)

Dues and Memberships	\$	5,996	
Lease Payments		4,326	
Postal Charges		9,723	
Travel		3,274	
Other Contracted Services		4,810	
Office Supplies		2,081	
Other Supplies and Materials		117	
Workers' Compensation Insurance		32,753	
Total Director of Schools			\$ 366,003

Office of the Principal

Principals	\$	1,600,652	
Career Ladder Program		9,000	
Accountants/Bookkeepers		438,436	
Assistant Principals		1,145,268	
Secretary(ies)		713,012	
Social Security		225,693	
Pensions		303,352	
Life Insurance		2,451	
Medical Insurance		794,227	
Dental Insurance		14,492	
Employer Medicare		52,783	
Travel		771	
Other Contracted Services		142,071	
Office Supplies		4,616	
Total Office of the Principal			5,446,824

Fiscal Services

Accountants/Bookkeepers	\$	80,514	
Social Security		5,967	
Pensions		4,302	
Life Insurance		39	
Medical Insurance		23,302	
Dental Insurance		9	
Employer Medicare		1,181	
Bank Charges		2,575	
Printing, Stationery, and Forms		1,560	
Other Contracted Services		2,767	
Data Processing Supplies		200	
Office Supplies		14	
Other Charges		1,917	
Total Fiscal Services			124,347

Human Services/Personnel

Supervisor/Director	\$	92,290	
Secretary(ies)		36,996	

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Human Services/Personnel (Cont.)

Clerical Personnel	\$	80,809	
Social Security		11,647	
Pensions		12,753	
Life Insurance		125	
Medical Insurance		51,806	
Dental Insurance		490	
Employer Medicare		2,724	
Lease Payments		597	
Other Contracted Services		2,779	
Office Supplies		1,313	
Premiums on Corporate Surety Bonds		40	
Total Human Services/Personnel			\$ 294,369

Operation of Plant

Custodial Personnel	\$	2,211,826	
Social Security		128,613	
Pensions		132,688	
Life Insurance		2,422	
Medical Insurance		660,468	
Dental Insurance		12,274	
Employer Medicare		30,152	
Licenses		4,279	
Maintenance and Repair Services - Buildings		55,781	
Maintenance and Repair Services - Equipment		1,914	
Disposal Fees		77,019	
Custodial Supplies		155,944	
Diesel Fuel		3,879	
Electricity		2,381,592	
Equipment Parts - Light		24,196	
Fuel Oil		85,815	
Natural Gas		189,918	
Propane Gas		190,733	
Tires and Tubes		2,387	
Uniforms		3,947	
Water and Sewer		425,045	
Plant Operation Equipment		19,821	
Total Operation of Plant			6,800,713

Maintenance of Plant

Supervisor/Director	\$	88,503	
Foremen		112,944	
Secretary(ies)		59,278	
Maintenance Personnel		1,471,126	
Social Security		98,492	
Pensions		102,362	
Life Insurance		1,312	

(Continued)

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Medical Insurance	\$	474,807	
Dental Insurance		6,799	
Employer Medicare		23,261	
Communication		9,168	
Dues and Memberships		350	
Licenses		934	
Maintenance Agreements		38,263	
Maintenance and Repair Services - Buildings		52,992	
Maintenance and Repair Services - Equipment		999	
Maintenance and Repair Services - Vehicles		2,417	
Rentals		4,963	
Travel		1,183	
Other Contracted Services		44,870	
Asphalt		441	
Concrete		6,353	
Equipment Parts - Light		9,541	
Equipment and Machinery Parts		65,741	
Garage Supplies		3,275	
Gasoline		125,582	
General Construction Materials		131,941	
Office Supplies		1,020	
Small Tools		1,241	
Tires and Tubes		8,948	
Uniforms		13,091	
Vehicle Parts		36,482	
Wood Products		950	
Chemicals		5,028	
In Service/Staff Development		1,398	
Administration Equipment		164,645	
Plant Operation Equipment		5,635	
Other Equipment		9,141	
Total Maintenance of Plant			\$ 3,185,476

Transportation

Mechanic(s)	\$	7,660
Bus Drivers		293,043
Social Security		18,398
Pensions		465
Life Insurance		6
Medical Insurance		4,936
Dental Insurance		46
Employer Medicare		4,303
Bank Charges		162
Contracts with Private Agencies		151,538
Contracts with Parents		1,571
Contracts with Vehicle Owners		5,172,954

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Maintenance and Repair Services - Vehicles	\$	4,133	
Garage Supplies		2,359	
Gasoline		99,660	
Tires and Tubes		6,394	
Vehicle Parts		18,972	
Maintenance Equipment		1,644	
Motor Vehicles		143,445	
Total Transportation			\$ 5,931,689

Operation of Non-Instructional ServicesFood Service

Medical Insurance	\$	6,020	
Total Food Service			6,020

Community Services

Other Salaries and Wages	\$	11,906	
Social Security		678	
Pensions		823	
Employer Medicare		166	
Total Community Services			13,573

Early Childhood Education

Teachers	\$	499,279	
Educational Assistants		134,281	
Social Security		36,998	
Pensions		49,026	
Life Insurance		282	
Medical Insurance		82,601	
Dental Insurance		2,229	
Employer Medicare		8,652	
Travel		169	
Instructional Supplies and Materials		28,439	
Other Supplies and Materials		250	
In Service/Staff Development		1,500	
Regular Instruction Equipment		3,099	
Total Early Childhood Education			846,805

Capital OutlayRegular Capital Outlay

Architects	\$	78,658	
Other Contracted Services		124,036	
Building Construction		1,536,217	
Furniture and Fixtures		239,875	
Land		301,983	
Other Equipment		268,010	
Other Construction		184,073	
Other Capital Outlay		494,870	
Total Regular Capital Outlay			3,227,722

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

General Purpose School Fund (Cont.)Principal on DebtEducation

Principal on Leases	\$ 25,000	
Total Education		\$ 25,000

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$ 611,332	
Total Education		611,332

Total General Purpose School Fund \$ 84,387,268

School Federal Projects FundInstructionRegular Instruction Program

Educational Assistants	\$ 638,861	
Other Salaries and Wages	411,731	
Social Security	54,775	
Pensions	29,703	
Life Insurance	334	
Medical Insurance	84,845	
Dental Insurance	1,939	
Employer Medicare	14,910	
Other Contracted Services	33,473	
Instructional Supplies and Materials	779,735	
Other Supplies and Materials	24,122	
Other Charges	10,548	
Regular Instruction Equipment	598,719	
Total Regular Instruction Program		\$ 2,683,695

Special Education Program

Teachers	\$ 619,015	
Educational Assistants	979,450	
Social Security	90,946	
Pensions	88,169	
Life Insurance	1,250	
Medical Insurance	273,853	
Dental Insurance	6,279	
Employer Medicare	21,475	
Contracts with Private Agencies	39,130	
Instructional Supplies and Materials	62,390	
Total Special Education Program		2,181,957

Career and Technical Education Program

Other Contracted Services	\$ 9,221	
Instructional Supplies and Materials	4,085	
Other Supplies and Materials	7,555	
Vocational Instruction Equipment	128,483	
Total Career and Technical Education Program		149,344

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

School Federal Projects Fund (Cont.)Support ServicesHealth Services

Medical Personnel	\$	78,740	
Social Security		4,051	
Pensions		4,691	
Life Insurance		73	
Medical Insurance		22,617	
Dental Insurance		513	
Employer Medicare		947	
Drugs and Medical Supplies		100,046	
Health Equipment		163,315	
Total Health Services			\$ 374,993

Other Student Support

Other Salaries and Wages	\$	234,976	
Social Security		14,475	
Pensions		18,929	
Life Insurance		113	
Medical Insurance		14,120	
Dental Insurance		368	
Employer Medicare		3,385	
Communication		1,545	
Travel		40,282	
Other Contracted Services		93,077	
Other Supplies and Materials		24,480	
In Service/Staff Development		10,408	
Other Equipment		7,796	
Total Other Student Support			463,954

Regular Instruction Program

Supervisor/Director	\$	82,791	
Clerical Personnel		34,191	
Other Salaries and Wages		340,913	
Social Security		26,652	
Pensions		42,468	
Life Insurance		246	
Medical Insurance		68,480	
Dental Insurance		1,089	
Employer Medicare		6,242	
Consultants		6,000	
Travel		2,894	
Other Contracted Services		112,800	
Other Supplies and Materials		10,670	
In Service/Staff Development		239,735	
Other Equipment		1,609	
Total Regular Instruction Program			976,780

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

School Federal Projects Fund (Cont.)Support Services (Cont.)Special Education Program

Psychological Personnel	\$	75,950	
Other Salaries and Wages		326,810	
Social Security		18,429	
Pensions		33,650	
Life Insurance		157	
Medical Insurance		56,092	
Dental Insurance		1,140	
Employer Medicare		5,411	
In Service/Staff Development		18,007	
Total Special Education Program			\$ 535,646

Career and Technical Education Program

In Service/Staff Development	\$	3,858	
Total Career and Technical Education Program			3,858

Technology

Internet Connectivity	\$	186,000	
Total Technology			186,000

Transportation

Contracts with Parents	\$	499	
Travel		14,952	
Other Contracted Services		41,960	
Gasoline		412	
Transportation Equipment		16,170	
Total Transportation			73,993

Capital OutlayRegular Capital Outlay

Architects	\$	79,519	
Building Improvements		1,112,242	
Total Regular Capital Outlay			1,191,761

Total School Federal Projects Fund \$ 8,821,981

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	70,000	
Accountants/Bookkeepers		26,899	
Truck Drivers		35,796	
Cafeteria Personnel		1,261,121	
Other Salaries and Wages		105,753	
Social Security		88,723	
Pensions		40,726	
Life Insurance		803	

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

Central Cafeteria Fund (Cont.)Operation of Non-Instructional Services (Cont.)Food Service (Cont.)

Medical Insurance	\$	303,388	
Dental Insurance		3,582	
Employer Medicare		20,750	
Communication		1,119	
Contracts with Other School Systems		15,352	
Data Processing Services		22,019	
Dues and Memberships		1,004	
Licenses		1,200	
Maintenance and Repair Services - Equipment		6,575	
Travel		10,775	
Equipment and Machinery Parts		29,412	
Food Preparation Supplies		251,592	
Food Supplies		1,815,736	
Gasoline		5,197	
Office Supplies		1,650	
USDA - Commodities		340,816	
In Service/Staff Development		3,498	
Data Processing Equipment		2,908	
Total Food Service			<u>\$ 4,466,394</u>

Total Central Cafeteria Fund \$ 4,466,394

Other Education Special Revenue FundOperation of Non-Instructional ServicesEarly Childhood Education

Educational Assistants	\$	9,838	
Social Security		610	
Employer Medicare		143	
Total Early Childhood Education			<u>\$ 10,591</u>

Total Other Education Special Revenue Fund 10,591

School Improvement FundCapital OutlayRegular Capital Outlay

Building Improvements	\$	60,206	
Total Regular Capital Outlay			<u>\$ 60,206</u>

Total School Improvement Fund 60,206

Internal School FundOperation of Non-Instructional ServicesCommunity Services

Other Charges	\$	2,523,769	
Total Community Services			<u>\$ 2,523,769</u>

Total Internal School Fund 2,523,769

(Continued)

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department (Cont.)

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	247,168	
Building Construction		2,337,585	
Communication Equipment		80,013	
Site Development		<u>70,385</u>	
Total Education Capital Projects			<u>\$ 2,735,151</u>

Total Education Capital Projects Fund		<u>\$ 2,735,151</u>

Total Governmental Funds - Sullivan County School Department		<u><u>\$ 103,005,360</u></u>

Exhibit L-12

Sullivan County, TennesseeSchedule of Detailed Additions, Deductions, and Changes in Net Position - City Custodial FundsFor the Year Ended June 30, 2022

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	City School ADA - Johnson City Fund	Total
<u>Additions</u>					
Current Property Taxes	\$ 0	\$ 10,205,334	\$ 18,237,248	\$ 222,030	\$ 28,664,612
Trustee's Collections - Prior Years	0	151,674	267,617	0	419,291
Circuit/Clerk and Master Collections - Prior Years	0	136,855	244,146	2,979	383,980
Interest and Penalty	0	99,184	177,072	2,143	278,399
Pick-up Taxes	0	247,207	441,695	5,298	694,200
Local Option Sales Tax	32,832,548	7,964,606	13,190,301	159,809	54,147,264
Bank Excise Tax	0	37,517	67,795	713	106,025
Interstate Telecommunication Tax	0	0	0	0	0
Marriage Licenses	0	2,073	3,734	41	5,848
Other Local Revenues	0	181	326	4	511
Contributions	0	0	0	0	0
Total Additions	\$ 32,832,548	\$ 18,844,631	\$ 32,629,934	\$ 393,017	\$ 84,700,130
<u>Deductions</u>					
Remittance of Revenues Collected	\$ 32,532,536	\$ 18,560,231	\$ 32,121,784	\$ 386,954	\$ 83,601,505
Trustee's Commission	300,012	284,400	508,150	6,063	1,098,625
Total Deductions	\$ 32,832,548	\$ 18,844,631	\$ 32,629,934	\$ 393,017	\$ 84,700,130
Excess of Cash Receipts					
Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Position, July 1, 2021	0	0	0	0	0
Net Position, June 30, 2022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Sullivan County Mayor and
Board of County Commissioners
Sullivan County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 27, 2023. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the discretely presented Sullivan County School Department, as described in our report on Sullivan County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sullivan County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sullivan County's internal control. Accordingly, we do not express an opinion on the effectiveness of Sullivan County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2022-002, 2022-003, and 2022-004(B,C).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sullivan County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2022-001, 2022-004(A,C), and 2022-005.

Sullivan County's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on Sullivan County's responses to the findings identified in our audit, which are described in the accompanying Schedule of Findings and Questioned Costs. Sullivan County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2023

JEM/tg



JASON E. MUMPOWER
Comptroller

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Sullivan County Mayor and
Board of County Commissioners
Sullivan County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sullivan County's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Sullivan County's major federal programs for the year ended June 30, 2022. Sullivan County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Sullivan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sullivan County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to

provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sullivan County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sullivan County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sullivan County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sullivan County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Sullivan County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sullivan County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements. We issued our report thereon dated February 27, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility

of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2023

JEM/tg

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9)
For the Year-Ended June 30, 2022

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Award:			
Forest Service Schools and Roads Cluster: (5)			
Schools and Roads - Grants to States	10.665	N/A	\$ 41,280
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	897,695
National School Lunch Program	10.555	N/A	3,213,987 (7)
National School Lunch Program (School Programs Emergency Operational Costs Reimbursement Program)	10.555	N/A	8,082 (7)
COVID 19 - Pandemic EBT Administrative Costs	10.649	N/A	5,814
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	340,816 (7)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(6)	733,310
Total U.S. Department of Agriculture			<u>\$ 5,240,984</u>
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	(4)	\$ 25,200 (8)
Total U.S. Department of Military			<u>\$ 25,200</u>
U.S. Department of Interior:			
Direct Award:			
Payments in Lieu of Taxes	15.226	N/A	\$ 78,467
Total U.S. Department of Interior			<u>\$ 78,467</u>
U.S. Department of Justice:			
Direct Awards:			
Equitable Sharing Program	16.922	N/A	\$ 1,004
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	67,991
Passed-through State Office of Criminal Justice Programs:			
COVID 19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0079	31,730
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(6)	62,720
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	39101	48,968
Violence Against Women Formula Grants	16.588	35794	47,376
Total U.S. Department of Justice			<u>\$ 259,789</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-22THS271	\$ 30,182
Total U.S. Department of Transportation			<u>\$ 30,182</u>
U.S. Department of Treasury:			
Direct Award:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,469,058
Total U.S. Department of Treasury			<u>\$ 1,469,058</u>
U.S. Institute of Museums and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.310	30501	\$ 2,140
Total U.S. Institute of Museums and Library Services			<u>\$ 2,140</u>

(Continued)

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,473,235
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	2,610,902 (7)
COVID 19 - Special Education-Grants to States (ARP)	84.027	84.027X	119,170 (7)
Special Education - Preschool Grants	84.173	N/A	28,110 (7)
COVID 19 - Special Education - Preschool Grants (ARP)	84.173	84.173X	357 (7)
Career and Technical Education - Basic Grants to States	84.048	N/A	200,762
Education for Homeless Children and Youth	84.196	N/A	46,621
Improving Teacher Quality State Grants	84.367	N/A	390,605
Striving Readers	84.371	N/A	72,800
Student Support and Academic Enrichment Program	84.424	N/A	204,281
COVID 19 - Governor's Emergency Education Relief Fund (Early Literacy Network)	84.425C	N/A	40,000 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	N/A	827,656 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	N/A	1,790,176 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER ARP)	84.425U	N/A	540,432 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth (ESSER ARP)	84.425W	N/A	5,545 (7)
Total U.S. Department of Education			<u>\$ 9,350,652</u>
U.S. Department of Health and Human Services:			
Direct Award:			
COVID 19 - Provider Relief Fund	93.498	N/A	\$ 37,406
Passed-through State Department of Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	GG-18-53923-00	444,201
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-19-61306-00	43,540
Family Planning Services	93.217	GG-18-54804-00	97,318
COVID 19 - Immunization Cooperative Agreements	93.268	GG-20-64925-00	653,782 (7)
Immunization Cooperative Agreements	93.268	GG-20-64925-00	53,260 (7)
National State Based Tobacco Control Programs	93.305	GG-20-65133-00	40,026
COVID 19 - Epidemiology and Laboratory Capacity for Infections Diseases	93.323	(6)	2,579,323
COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	GG-20-68024-00	270
Child Care and Development Block Grant	93.575	(6)	33,823
HIV Prevention Activities - Health Department Based	93.940	(6)	62,114
Cooperative Agreements to Support State-based Safe Motherhood and Infant Health Initiative Programs	93.946	GG-19-60775-00	3,000
Preventive Health and Health Services Block Grant	93.991	GG-21-65132-00	67,928
Maternal and Child Health Services Block Grant to the States	93.994	(6)	245,120
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	N/A	591,433
Total U.S. Department of Health and Human Services			<u>\$ 4,952,544</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	36367-1	\$ 62,890
Homeland Security Grant Program	97.067	61219-29457	151,481
Total U.S. Department of Homeland Security			<u>\$ 214,371</u>
Total Expenditures of Federal Grants			<u>\$ 21,623,387</u>

(Continued)

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9) (Cont.)

<u>State Grants</u>		<u>Contract Number</u>	<u>Expenditures</u>
Adolescent Pregnancy - State Department of Health	N/A	GG-22-69843-00	\$ 16,658
Community Health Access and Navigation Program - State Department of Health	N/A	GG-22-70983-00	220,659
Court Security Grant Program - Administrative Office of the Courts	N/A	(4)	93,365
State Direct Appropriation Grant FY 2021 - Department of Finance and Administration	N/A	(4)	974,615
Drug Court Discretionary Grant Program - State Department of Mental Health	N/A	70979	61,954
Evidence Based Home Visiting - State Department of Health	N/A	GG-20-64581-00	286,845
Evidence Based Programming Grant - Department of Finance and Administration	N/A	46616	38,767
Family Planning - State Department of Health	N/A	GG-18-54804-00	10,813
Fasttrack Economic Development Program - State Department of Economic and Community Development (PASS THRU - Modern Forge)	N/A	71073	250,000
Grant in Aid - State Department of Health	N/A	GG-22-71191-00	458,906
HIV Prevention - State Department of Health	N/A	(10)	102,649
Juvenile Services Program - State Commission on Children and Youth	N/A	(11)	61,430
Mental Health Transport - State Department of Health	N/A	45079	237,974
National Historical Publications and Records Commission Grants - Tennessee State Library Archives	N/A	(4)	2,582
Neonatal Abstinence Syndrome Education Services - State Department of Health	N/A	GG-22-69203-00	14,951
Prenatal Presumptive Eligibility Expansion Program - State Department of Health	N/A	GG-20-62433-00	29,000
TennCare Dental Prevention - State Department of Health	N/A	GG-21-67543-00	210,712
Tennessee Breast and Cervical Cancer Program - State Department of Health	N/A	GG-21-65131-00	18,867
Tobacco Settlement - State Department of Health	N/A	GG-19-59659-00	55,647
TOP Grant - State Department of Secretary of State	N/A	30501-02220	2,680
Tuberculosis Control and Prevention Program - State Department of Health	N/A	GG-21-66536-00	57,775
State Aid Program - State Department of Transportation	N/A	(4)	416,804
Summer Learning Camps - State Department of Education	N/A	(4)	967,842
Coordinated School Health Program- State Department of Education	N/A	(4)	92,181
Early Childhood Education Pilot Project - State Department of Education	N/A	(4)	666,382
Safe Schools Act Grant - State Department of Education	N/A	(4)	172,656
School Safety - State Department of Education	N/A	(4)	35,000
Litter Program - State Department of Transportation	N/A	(4)	70,651
Total State Grants			<u>\$ 5,628,365</u>

FAL = Federal Assistance Listing

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Sullivan County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.

(3) No amounts (\$0) were passed through to subrecipients.

(4) Information not available.

(5) Forest Service Schools and Roads Cluster total \$41,280; Child Nutrition Cluster total \$4,460,580;
Special Education Cluster total \$2,758,539.

(6) Grants with multiple pass-through identifying numbers:

FAL No. 10.557: GG-19-60613: \$204,733; GG-22-72192: \$528,577.

FAL No. 16.540: 61342: \$9,000; 56486 \$53,720.

FAL No. 93.323: GG-20-68024-00: \$1,959,022; 22-820000: \$620,301.

FAL No. 93.940: GG-20-66450-00: \$5,899; GG-21-68972-00: \$56,215.

FAL No. 93.575: 63187: \$3,748; 71568: \$30,075.

FAL No. 93.994: GG-21-65131-00: \$49,961; GG-22-70983-00: \$195,159.

(7) Totals for FAL No. 10.555, \$3,562,885; FAL No. 84.027, \$2,730,072; FAL No. 84.173, \$28,467;

FAL No. 84.425, \$3,203,809; FAL No. 93.268, \$707,042.

(8) During the year ended June 30, 2022, Sullivan County received excess military equipment from the U.S. Department
of Defense valued at \$25,200.

(9) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Amount Provided to Consolidated Administration</u>
Title I Grants to Local Educational Agencies	84.010	\$ 139,157
Title II, Part A Improving Teacher Quality Grants	84.367	25,104
Student Support and Academic Enrichment Program	84.424	1,995
Total amounts consolidated for administration purposes		<u>\$ 166,256</u>

Additional Notes for State Grants:

(10) GG-21-68938-00: \$45,966; GG-21-68972-00: \$56,683.

(11) 31601-2124: \$7,000; 56471: \$54,430.

Sullivan County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2022

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2022.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
OFFICE OF DIRECTOR OF SCHOOLS					
2021	262	2021-001	School department funds required material audit adjustments for proper financial statement presentation.	N/A	Corrected
2021	263	2021-002	Deficiencies were noted in the maintenance of capital asset records.	N/A	Corrected
2021	264	2021-003	The accounting records for various funds had not been maintained properly.	N/A	Part C. and D. Corrected - Part A., B., E., and F. Not Corrected - See Explanation on Corrective Action Plan
2021	266	2021-004	The school department had deficiencies in budget operations.	N/A	Corrected
2021	267	2021-005	The school department failed to request reimbursement for grant expenditures on a timely basis resulting in a deficit in unassigned fund balance in the School Federal Projects Fund.	N/A	Corrected
2021	268	2021-006	The school department had deficiencies related to the administration of payroll that resulted in overpayments to some employees.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2021	269	2021-007	Financial reports were not presented to the county commission in compliance with state statutes.	N/A	Corrected
2021	270	2021-008	The school department made payments based on expired contracts for student transportation.	N/A	Corrected

Prior-year Federal Award Findings

There were no prior-year federal award findings to report.

SULLIVAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Sullivan County is unmodified.
- | | |
|--------------------------------------|-----|
| * Material weakness identified? | NO |
| * Significant deficiency identified? | YES |
3. Noncompliance material to the financial statements noted? NO

Federal Awards:

4. Internal Control Over Major Federal Programs:
- | | |
|--------------------------------------|---------------|
| * Material weakness identified? | NO |
| * Significant deficiency identified? | NONE REPORTED |
5. Type of report auditor issued on compliance for major programs. UNMODIFIED
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? NO
7. Identification of Major Federal Programs:
- | | |
|---|---|
| * Assistance Listing Numbers: 10.553 and 10.555 | Child Nutrition Cluster: School Breakfast Program and National School Lunch Program |
| * Assistance Listing Number: 21.027 | COVID 19 - Coronavirus State and Local Fiscal Recovery Funds |
| * Assistance Listing Number: 84.425 | COVID 19 - Education Stabilization Fund |
8. Dollar threshold used to distinguish between type A and Type B Programs. \$750,000
9. Auditee qualified as low-risk auditee? NO

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, AND FINANCE DIRECTOR

FINDING 2022-001

ACCOUNTING RECORDS WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2022 (Noncompliance Under *Government Auditing Standards*)

Accounting records, including subsidiary capital assets and compensated absences records, were not closed and available for audit by August 31, 2022, as required by Section 9-2-102, *Tennessee Code Annotated*. This statute provides that records should be available for audit no later than two months after the close of the June 30 fiscal year. The fund accounting records were closed on December 12, 2022. Subsidiary records, including compensated absences and capital assets for the county and school departments, were made available to auditors at various times from December 19, 2022, through January 25, 2023. The failure to properly maintain and close accounting and subsidiary records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of budgetary and accounting controls, and increases the risk that errors will not be discovered and corrected in a timely manner. These deficiencies can be attributed to the implementation of the central accounting system in the current year and the ongoing integration of the school department's accounting records into the central accounting system. These deficiencies can also be attributed to management's failure to correct the finding noted in the prior-year audit report and management's failure to implement their corrective action plan.

RECOMMENDATION

Management should close its accounting records, including subsidiary capital assets and compensated absences records, for the fiscal year ended June 30 and have those records available for audit by the following August 31.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur in general with these findings. Full implementation of the private act is required by June 30, 2023. We expect that these deficiencies will be corrected by the end of the fiscal year.

Some of these findings persisted in part due to the centralized finance office having to develop policies and procedures for the school department with no knowledge of their previous operations or controls. Also, no trained personnel were transferred to the centralized

accounting department with the implementation of the private act. The centralized finance office had to hire staff to process accounts payable and perform payroll functions for the school department which includes processing the payroll for approximately 1,300 school department employees. The already limited staff of the former accounts and budget department had to be reassigned and devote a significant amount of time to training and assisting the new staff.

FINDING 2022-002

THE ACCOUNTING RECORDS FOR SOME FUNDS HAD NOT BEEN MAINTAINED PROPERLY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our audit revealed deficiencies related to the administration and maintenance of the fund accounting records. These deficiencies can be attributed to the continued integration of the school department's accounting records into the central accounting system, management's failure to correct the finding noted in the prior-year audit report, and management failure to implement their corrective action plan.

- A. Accounting records were not maintained on a current basis for some funds. From our review of the audit logs and discussions with management, we noted that numerous journal entries were posted to the General Purpose School, School Federal Projects, and Central Cafeteria funds on December 12, 2022. The software application allows for three consecutive months to be open at any given time; however, from our review of the audit logs, we noted that the months of April, May, and June 2022 were all closed on December 12, 2022, as noted in Finding 2022-001. The software application used by the finance department generates logs that documents the closing and reopening dates of the accounting periods within the general ledger application. These audit logs were not reviewed by management to ensure periods were closed timely and not improperly re-opened. Although management was aware of the importance of these logs, they chose not to review the logs.
- B. Employee health insurance deductions for all school department funds are paid through the General Purpose School Fund with transfers for reimbursements from other special revenue funds made after year-end. This delay in remitting deduction amounts until after year-end decreases the operating cash in the General Purpose School Fund and could result in a fund deficit in the special revenue funds when paid.
- C. The payroll clearing bank account and the health dental/Medicare supplement bank account had not been reconciled accurately with the general ledger. While monthly reconciliations appear to have been performed, \$19,071 remained unidentified at June 30, 2022. The bank account for the Central Cafeteria Fund for collections of meal charges relating to the school nutrition program appears to have been reconciled monthly; however, collections were not remitted to the county trustee monthly. Instead, the collections for the entire fiscal year totaling \$228,292 were remitted to the county trustee in July 2022.

- D. Account balances in the Central Cafeteria Fund were not properly reflected at June 30, 2022. The balance in the Other Current Liabilities account for student meal deposits had not been reconciled with the actual balance. At June 30, 2022, the per record balance in this account was understated by \$51,328.
- E. Subsidiary listings of accounts receivables and accounts payables were obtained for the General Purpose School Fund; however, the amounts on the listings differed from the accounting records by significant amounts. These differences were the result of personnel not including all relevant receivable and payable amounts on the subsidiary listings. We verified the receivable and payable amounts per record and adjusted or reclassified as appropriate in the financial statements of this report.

Sound business practices dictate that financial records and accounts should be reviewed for accuracy and completeness, and all general ledger accounts should be reconciled timely. The failure to properly maintain accounting records on a current basis diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary and accounting control and increases the risk that errors will not be discovered and corrected in a timely manner. We provided management with audit adjustments, which they approved and agreed to post to correct the errors we detected and to properly present the financial statements in this report.

RECOMMENDATION

Management should post accounting entries and review audit logs on a current basis, and any unusual activity should be investigated. Transfers for employee health insurance deductions should be made to the General Purpose School Fund in a timely manner. All general ledger accounts should be reconciled accurately each month with subsidiary records, monthly billings, receipts, and payments. Any errors identified should be corrected promptly. Collections for the Central Cafeteria Fund's bank account should be remitted to the trustee monthly. Accurate subsidiary listings of accounts receivable and accounts payable should be maintained.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Since this finding was noted in multiple parts, we will respond accordingly.

- A. The closing of accounting periods and the review of audit logs is a function of the centralized accounting system. Management of the school department did not engage in those activities as that was understood to be the responsibility of the finance director and his staff.
- B. The Insurance Tracking module that is used through Skyward to reconcile the school department's insurances can only submit an invoice in total and cannot be broken down by funds. Therefore, the invoices that are submitted for payment are taken from the General Purpose School Fund. It was the understanding of the human resources department that the centralized accounting office would be handling the transfers from each fund to compensate for the expenditure from the General Purpose School Fund as that would simply be transferring the amounts held or expensed with each payroll.

- C. Upon implementation of the centralized accounting system, the bank reconciliation for the payroll clearing account became the responsibility of the finance director and his staff. However, it should be noted that the unidentified amount that is indicated in the finding is the same as the amount reported in the previous two years for the payroll clearing account. The human resources department has reconciled the Health, Dental, & Medicare Supplement account monthly with no unidentified balances. The Central Cafeteria Fund transfer was not made monthly because of the low level of deposits. Obviously, the total for the school year of \$228,292 was minimal compared to previous years. The transfer is being made monthly for the 22-23 school year.
- D. Historically, the adjustment to Other Current Liabilities has been made at the end of the fiscal year. This process was handled by the business manager. It was assumed this was taken over through the centralized accounting system.
- E. Listings of receivables and payables were assumed to be the responsibility of the finance director and his staff. Therefore, school department management did not participate in this activity.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

See response to finding 2022-001.

FINDING 2022-003

DEFICIENCIES RELATED TO THE ADMINISTRATION OF PAYROLL RESULTED IN IMPROPER PAYMENTS TO SOME FORMER SCHOOL DEPARTMENT EMPLOYEES

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination revealed that five former school department employees were paid for time they had not worked. Those payments occurred because the employees had not been timely removed from the active payroll records upon termination of their employment with the department. The failure to remove these employees from the payroll by the human resources department resulted in improper payments totaling at least \$18,926. We were unable to determine whether the employees had reimbursed the department for these payments. This deficiency can be attributed to school department personnel not ensuring that staff leaving employment are removed from the payroll records prior to the processing of the payroll by the finance department, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

RECOMMENDATION

The payroll processes should be improved to ensure all former employees are removed from the payroll system immediately upon termination of employment. Management should also review payments to ensure no other employees were paid for time not worked. Management should attempt to recover these overpayments promptly.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We hereby concur with this finding but believe some additional information should be shared. The human resources (HR) department communicated well in advance the resignation of several employees who were referenced as being overpaid in this finding. The HR department does not have access to payroll prior to it being processed. Therefore, employees cannot be removed by the HR department from the payroll. Resignation notices will continue to be shared with the payroll department as they are received in HR. A large majority of the overpaid funds have already been recovered. A plan is in place to recover the remaining funds.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The human resources department for school department employees is maintained at the school department under the direction of the director of schools. To the degree possible, the centralized accounting department will continue to work with the school's human resources department to ensure timely and accurate payments are made to school department employees. The finance department strongly believes that fully implementing the Skyward software system, which was used by the school department prior to the implementation of the private act, would limit such overpayments as well as numerous other payroll and benefits challenges. This software has been paid for and is already available in most, if not all, school facilities.

FINDING 2022-004

DEFICIENCIES WERE NOTED IN PURCHASING PROCEDURES RELATED TO THE SCHOOL DEPARTMENT

(A. - Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. - Noncompliance and Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of disbursements, including those related to purchases approved through the issuance of purchase orders and those approved through the submission of check requests. Sullivan County utilizes check requests in the payment process for intangible services where a purchase order is otherwise not required. Our examination revealed the following deficiencies in purchasing procedures, which are the result of a lack of oversight and the failure of school department personnel to follow established purchasing policies and procedures.

- A. We noted five instances where purchases were made by personnel of individual schools rather than by the purchasing agent. Check requests were used to reimburse those expenditures from the General Purpose School and School Federal Projects funds for amounts totaling \$578 and \$58,212, respectively. Section 49-2-110, *Tennessee Code Annotated (TCA)*, establishes the authority for individual schools to maintain activity funds. That statute, however, does not provide authority for the individual schools to account for any expenditures beyond those used for student activities. Additionally, Chapter 46, Private Acts

of 2020, provides that the purchasing agent make all purchases and enter into all contracts for Sullivan County.

- B. The purchasing department issued check request guidelines to all county departments specifying that check requests are to be utilized for intangible services. In the five instances noted above, we observed expenditures totaling \$38,787 for various items, goods, and contracts that should have been approved through the issuance of purchase orders instead of check requests.
- C. We noted two instances where change orders were approved by the board of education, but the information was not submitted to the purchasing department timely. On February 3, 2022, the Sullivan County Board of Education approved two change orders totaling \$272,256 for the construction of West Ridge High School. However, requests for purchase orders related to these change orders were not submitted to the purchasing department by school department personnel until August 8, 2022. A liability and expenditure related to these change orders were posted to the financial statements of the General Purpose School Fund as of June 30, 2022. Purchase orders are necessary to control who has purchasing authority for the department and to document purchasing commitments. Issuing the purchase order after the purchase defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase. The failure to properly issue purchase orders increases the risks of unauthorized purchases. Additionally, the recognition of these liabilities resulted in expenditures exceeding appropriations at the major category level (the legal level of control) by \$259,940 in the Capital Outlay - Regular Capital Outlay major appropriations category of the General Purpose School Fund. Section 5-9-401, *TCA*, states that “All funds from whatever source derived including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

All purchases made by individual schools should be limited to school activities in accordance with Section 49-2-110, *TCA*. All school department fund purchases should be made by the county purchasing department in accordance with Chapter 46, Private Acts of 2020. All check requests should be made in accordance with purchasing department guidelines. To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Expenditures should be held within appropriations approved by the county commission.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Since this finding was noted in multiple parts, we will respond accordingly.

- A. Sullivan County School Department has traditionally reimbursed the internal school funds of each school for allocations through the stated reimbursement

process. Proper internal school funds procedures were followed in that process and then the reimbursement went through the approval process at the central office. This was never addressed as an issue previously through the audit process.

- B. While the purchasing department might have issued check request guidelines to all county departments, the school department was not included in that distribution as that module was not utilized through the Skyward system at that time. Once informed of the requirement, school department staff have been granted access and trained on the process.
- C. We concur with this finding. Obviously, the capital project process is always a major undertaking. With the initiation of two of the largest projects in Sullivan County's recent history, there were several change orders that were approved. Unfortunately, these did not gain approval in a timely fashion. However, the proper approval process was completed, and payment was made to the contractor.

MANAGEMENT'S RESPONSE – PURCHASING AGENT

We have corrected both parts A and B. We held a training session on proper procurement procedures in July 2022 with school personnel which included the school bookkeepers and the principals and implemented updated guidelines pertaining to requisitions and check requests. We have taken measures to correct part C, by taking over administering the payment applications and change orders for the projects.

OFFICES OF COUNTY MAYOR AND FINANCE DIRECTOR

FINDING 2022-005

OBSERVATION KNOB PARK IS CURRENTLY BEING INVESTIGATED

(Noncompliance Under Government Auditing Standards)

Investigations are ongoing of Observation Knob Park by the Comptroller's Division of Investigations. Findings, if any, resulting from this investigation will be included in a subsequent report.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2022.

Sullivan County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2022

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number

OFFICE OF FINANCE DIRECTOR

2022-001	Accounting records were not closed and available for audit by August 31, 2022.	270
2022-002	The accounting records for some funds had not been maintained properly.	270
2022-003	Deficiencies related to the administration of payroll resulted in improper payments to some former school department employees.	271

OFFICE OF PURCHASING AGENT

2022-005	Deficiencies were noted in purchasing procedures related to the school department.	272



SULLIVAN COUNTY

OFFICE OF FINANCE DIRECTOR

3411 Highway 126, Suite 202 ▪ Blountville, Tennessee 37617
E-Mail: Larry.bailey@sullivancountyttn.gov

(423) 323-6409 ▪ Fax: (423) 279-2899

Corrective Action Plan

FINDING: ACCOUNTING RECORDS FOR THE YEAR ENDED
JUNE 30, 2022, WERE NOT CLOSED AND AVAILABLE
FOR AUDIT BY AUGUST 31, 2022

Response and Corrective Action Plan Prepared by:
Larry Bailey, Finance Director

Person Responsible for Implementing the Corrective Action:
Larry Bailey, Finance Director

Anticipated Completion Date of Corrective Action:
August 31, 2023

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Continued implementation of Centralization of Accounting.

Planned Corrective Action:

With a more experienced staff and continued implementation of centralization, we expect that this deficiency will be corrected by the end of closeout of the current fiscal year.

FINDING: THE ACCOUNTING RECORDS FOR VARIOUS SCHOOL
DEPARTMENT FUNDS HAD NOT BEEN MAINTAINED
PROPERLY

Response and Corrective Action Plan Prepared by:
Larry Bailey, Finance Director

Person Responsible for Implementing the Corrective Action:
Larry Bailey, Finance Director

Anticipated Completion Date of Corrective Action:
June 30, 2023

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

Continued implementation of the Private Act 2020.

Planned Corrective Action:

With more experienced staff and continued implementation of the private act, we expect that this deficiency will be corrected by the end of the fiscal year.

FINDING:

**DEFICIENCIES RELATED TO THE ADMINISTRATION
OF PAYROLL RESULTED IN IMPROPER PAYMENTS
TO SOME FORMER SCHOOL DEPARTMENT
EMPLOYEES**

Response and Corrective Action Plan Prepared by:

Larry Bailey, Finance Director

Person Responsible for Implementing the Corrective Action:

Larry Bailey, Finance Director

Anticipated Completion Date of Corrective Action:

June 30, 2023

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

Continued implementation of the Private Act.

Planned Corrective Action:

The Centralized Accounting Department will continue to work with the School's Human Resources Department to improve communications and the sharing of information to ensure timely and accurate payments are made to school department employees.

Signature:





OFFICE OF THE SULLIVAN COUNTY PURCHASING AGENT

3411 HIGHWAY 126 – SUITE 201

BLOUNTVILLE, TN 37617-0569

Kristinia Davis, CPPB

Purchasing Agent

E-Mail: kris.davis@sullivancountyttn.gov

Phone (423) 323-6400

Facsimile (423) 323-7249

Corrective Action Plan

**FINDING: DEFICIENCIES WERE NOTED IN PURCHASING
PROCEDURES RELATED TO THE
SCHOOL DEPARTMENT**

Response and Corrective Action Plan Prepared by:

Kristinia Davis, Purchasing Agent

Person Responsible for Implementing the Corrective Action:

Kristinia Davis, Purchasing Agent

Anticipated Completion Date of Corrective Action: February 21, 2023

Repeat Finding: No

Planned Corrective Action:

We have corrected both A & B. We held a training session on proper procurement procedures July 2022 with school personnel which included the school bookkeepers and the principals and implemented updated guidelines pertaining to requisitions and check requests.

C. We have taken measures to correct this situation by taking over administering the payment applications and change orders for the projects in the Purchasing Department.

Signature: _____

Kristinia Davis

APPENDIX D

Form of Continuing Disclosure Agreement

SULLIVAN COUNTY, TENNESSEE

\$17,000,000* GENERAL OBLIGATION BONDS, SERIES 2024

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered this ____ day of _____, 2024 by Sullivan County, Tennessee (the “Issuer”) in connection with the issuance of its \$17,000,000* General Obligation Bonds, Series 2024 (the “Bonds”). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (the “SEC”). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement of the Issuer, dated _____, 2023, relating to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Registered Owner” means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Bonds.

“Resolution” shall mean the bond Resolution adopted by the Board of Commissioners of the Issuer on October 23, 2023.

“State” shall mean the State of Tennessee.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2023, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) The Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements; and

(ii) To the extent not included in the audited financial statements, operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

1. "Summary of Outstanding Debt ";
2. "Debt Statement ";
3. "Debt Record";
4. "Per Capita Debt Ratios";
5. "Debt Ratios";
6. "Debt Trend";
7. "General Debt Service Requirements";
8. "Tri-Cities Regional Airport Debt Service Requirements";
9. "Property Valuation and Property Tax";
10. "Top County-Wide Taxpayers";
11. "Fund Balances";
12. "Local Sales Tax Collections";
13. "County District Summary of Outstanding Debt";
14. "County District Debt Statement";
15. "County District Debt Record";
16. "County District Per Capita Debt Ratios";
17. "County District Debt Ratios";
18. "County District Debt Trend";
19. "County District Debt Service Requirements"; and
20. "County District Property Valuation and Property Tax".

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2023, the Issuer shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information.* The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement.* The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 11. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SULLIVAN COUNTY, TENNESSEE

By: _____
County Mayor